

The NATIONAL UNDERWRITER

Life Insurance Edition



*Our Family
Reflects
Bill's Success*

says Mrs. W. R. Pratt —
Fargo, N. Dak.

"We certainly got double value from our first encounter with the Minnesota Mutual's Success Bond Story. We not only got some of the most unique insurance coverage on the market but Bill discovered a true 'secret to success'.

"When I first met Bill he was principal of the school in which I was teaching. He was considered an exceptionally able teacher but his several years' experience told him he didn't want to continue in that field forever. Soon after we were married he went into the Air Corps and we lived from 'pillar to post' for 45 months.

"We were stationed in Topeka just before Bill's discharge when a visit from a Minnesota Mutual representative showed us the marvelous selling power of the Success Bond Story and opened Bill's eyes to a wonderful career! He knew as he listened to the convincing presentation that here lay his course for the future. He was so impressed by this sales story that he knew he must use it to

show other people the importance of adequate insurance protection!

"For a while we thought of settling in Topeka but finally it seemed wiser to return to our home territory where Bill was better known. Our second day home he was down at the Minnesota Mutual agency in Fargo getting acquainted. Just for fun he visited other company agencies too, but he soon found that the Organized Sales Plan had no equal. From then on we were in the Minnesota Mutual family for a 'life term'!

"We have really learned about success in three and one half years. Bill has done exceedingly well and he couldn't be happier. I'm so proud of him. I'm glad too that he's in a business in which the wives play such an important part - and a business that will help us give our young son, Crosby, a secure, happy childhood. I want to lead in the cheering for a wonderful company!"

Bill Pratt joined The Minnesota Mutual early in 1946 and his examined business from March through December of that year totaled \$409,631. He has maintained his high production by a constant use of the company's Organized Sales Plan - exclusively used by all Minnesota Mutualites. He has found the Plan and the amazing new Success-O-Graph* especially effective in rural areas where he does most of his prospecting.



**The Minnesota Mutual
Life Insurance Company**

SAINT PAUL 1, MINNESOTA

Organized 1880

THE MINNESOTA MUTUAL LIFE INSURANCE
COMPANY
Saint Paul 1, Minnesota

I want to know how BILL PRATT does it. I may be
interested. No obligation to me, of course.

Name _____

Address _____

City _____ Zone _____ State _____

FRIDAY, DECEMBER 16, 1949



\$13,100...

That's the average size life case of the graduates of our programming schools who are using the Company's special service.

Supplementing our COMPLETE sales kit—Life . . . Noncancellable Sickness and Accident . . . Group . . . and Wholesale—is thorough training, both elementary and advanced.

We believe sound training, reflected through our Company schools, speeds success.



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L.I.A. Summoned to Attack the Collectivist Pattern

**Asa Call, in Presidential
Message, Outlines
Program of Action**

By ROBERT B. MITCHELL

NEW YORK—The dangers to owners of life insurance through the continued depreciation of the American dollar were detailed by Asa V. Call, president of Pacific Mutual Life, in his presidential address at the annual meeting of Life Insurance Assn. of America here. Mr. Call not only gave a penetrating analysis of the governmental ideas and practices that are undermining the value of the dollar, but set



Eugene Thore



Asa V. Call

forth a program of action to counter the collectivist pattern.

The only hope for economic salvation in the United States must lie in a determined expansion of an informational program, he said. This must start at the top of every American enterprise and fan out its influence through all ranks.

"First we should prove to ourselves the soundness of our reasoning, the facts about our economic structure, and the dangers which threaten it, he said. Learn the answers to the collectivist fallacies which constantly recur so that we are never at a loss to answer when a question of economic information arises.

"Second begin an educational campaign within our own organizations to prove to associates and employees the eternal verities that have been so widely and effectively assailed. See to it that others in our organizations know the answers too.

Salesman for Sanity

"Third speak out at every opportunity. Become a salesman for sanity, an ambassador for America, a fighter for a future worthy having. Don't wait for the battle to come to you, take it to the other side.

"Fourth, use all possible media to influence the public. If you are not using sound economic information in your direct mailings, your annual reports and your advertising you are not making the use of them.

"Few people in the U. S. really understand what free enterprise means or how important it is to them personally or how far we have departed from it. Few employees understand the operation of the businesses of which they are a part. You cannot combat collec-

(CONTINUED ON PAGE 23)

Metropolitan's Plan Should Determine Extent of Small-Business Loan Demand

NEW YORK—The widespread publicity given to Metropolitan Life's willingness to take 90% of loans to small business if local bankers will service them and keep 10% of the loan should go a long way toward settling the moot question of how much soundly-based demand there is for debt financing among small businesses. Satisfying this demand has long been a major concern of Sen. O'Mahoney's.

If this plan proves popular it could mean a worth-while channel for life company investments. More important, it would very likely head off demands that the government get into the picture on the plea small businesses are having such a tough time finding financing.

Metropolitan's financial executives are busy working out the implementation of the plan described by Treasurer Harry Hagerty at Sen. O'Mahoney's committee hearing and reported briefly in last week's issue of THE NATIONAL UNDERWRITER. Asked for comment on the plan, President Leroy A. Lincoln, whose testimony preceded that of Mr. Hagerty, told THE NATIONAL UNDERWRITER that it is in line with what he has said on previous occasions about taking care of such business operations through private enterprise rather than through the government.

Not a Remote Contingency

The possibility that the government might get into the act is by no means a remote contingency. For example, at the hearings of the House small business committee not long before the O'Mahoney committee on the economic report heard the life insurance witnesses there was extended discussion of a proposal for loans to small business by institutional lenders under a system of government guarantees along the lines of the FHA in the housing field. The government would set up a federal insurance corporation. The premium discussed at the hearing would be somewhere from 3/4% to 1 1/2%.

Another plan, this one proposed by Chairman Thomas B. McCabe of the federal reserve system, would be for the federal reserve banks to take the long end of loans to small business. Either this or an FHA-type plan would obviously be a foot in the door for the government to get itself not only into the small-business field but into types

of loans more generally handled currently by life companies and banks.

One observer remarked that Metropolitan's plan might well be the salvation of the private lending system. At the same time, it is recognized that perhaps the needs of small business cannot be met by debt financing entirely or even satisfied to any great extent.

Unfortunately the whole matter of small-business financing is something about which there is a great deal of talk but very few facts. It may be that much of the demand for financing comes from would-be entrepreneurs whose qualifications are so lacking that no loan executive in his right mind would lend to them.

Obviously, one effect of Metropolitan's 10%-90% plan, if the bankers take to it, is that by taking care of the legitimate, soundly-based demand for loans from small business men it will leave only a misguided, wishful-thinking residue unable to get financing. It should be easier to stave off demands for a government agency if the only demands that are going begging are the patently unsound ones.

O'MAHONEY'S VIEWS

That Senator O'Mahoney prefers to have private enterprise take care of the financing demands of small business may be inferred from his statement at the opening of the hearing.

"I suppose it is only proper to say," he declared, "that on the degree to which privately owned savings are invested in trade and commerce and industry depends the extent to which what we call the free enterprise system will continue to operate. We gather at a time when I think the great bulk of people of the United States believe in the free enterprise system but everywhere else throughout the world we find appalling indications of an abandonment of that system. It is not too much to say that unless we save it here in the United States it may be lost for the world."

Metropolitan's willingness to take loans on a 10%-90% basis, which so impressed O'Mahoney, came out in the hearing more or less incidentally in the course of Mr. Hagerty's explanation of why Metropolitan gets so few requests for loans of less than \$100,000. Of the

(CONTINUED ON PAGE 13)

Top Investment Men Face O'Mahoney's Subcommittee

**Legislators Stress
Dearth of Capital
for Small Business**

WASHINGTON — Virtually every corner of the investment field was explored before the O'Mahoney subcommittee of the joint Congressional committee on the economic report by a battery of witnesses composed of some of the top investment officers of the companies. Insurance observers generally credited the committee with exhibiting a constructive attitude during the hearings. Recurrent theme in the questions put by the committee was the "problem of finding sound ways and means to encourage the flow of capital, whether equity or not, to aid small business," as Senator O'Mahoney put it.

One witness, Frank A. Shailer, vice-president of Equitable Society was unable to be present.

SMALL LOAN POOL

A small loan agency, financed by life insurance companies and other investors, was proposed to the subcommittee as a means of supplying small business with capital needs by Oliver M. Whipple, financial vice-president of Mutual Life. Mr. Whipple commented that two examples of what he had in mind are the American Research & Development Corp. and the recent proposals for a capital bank.

He emphasized that any plan of this kind would have many problems to solve. State insurance and other laws might have to be amended if life insurance companies and other investors were to be permitted to participate. The desirability of such an investment would have to be considered by many authorities, including directors and officers of the financial institutions. Any such organization would have to have some benefit from tax legislation to make its prospects of income sufficiently attractive to absorb costs and losses and still provide a reasonable return, he stated.

Because of the high cost and risk element in financing small business, it appears to be difficult if not impossible for investing institutions individually to attempt to solve the problem, Mr. Whipple said. But in proposals for an organization that would pool risks, government and business have an avenue worthy of exploration.

Whipple's Earlier Testimony

Mr. Whipple's recommendation was made late in the morning in a supplementary statement to his formal testimony earlier in the day before hearings of the subcommittee. He had affirmed that investment funds of life insurance companies inevitably flow into those industries and localities where the need for them is greatest. As a result, such funds efficiently meet the country's most pressing economic and social needs, while producing income for policyholders. This tendency, he said, is somewhat restrained for life insurance funds, es-

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Canadians Plan for Quebec Rally



Trio of Canadians that will be hosts at Quebec convention of N.A.I.C. in June, as they appeared at Galveston meeting last week—A. A. Tousaw, Sun Life of Canada, executive secretary of Canadian committee on arrangements; Georges Lafrance, Quebec superintendent and official host, and R. Leighton Foster, manager Canadian Life Insurance Officers Assn. Picture by H. H. Fuller, deputy U. S. manager of Zurich.

essentially because they are other people's money.

"The search for new investment outlets by life insurance companies generally is never ending and it is interesting to note that the trend appears definitely away from the historical and classical approach involving the pledge of specific security and more and more toward a reliance upon stability of earning power as a measure of acceptable investment quality," he testified.

Would Increase Farm Lending

Asked what Mutual Life would do if investment restrictions were eased or lifted entirely, Mr. Whipple said that the company would explore all avenues of safe investment that were open and would undoubtedly find new sources of investment. The company would undoubtedly increase its lending to farmers. Farm loans, he pointed out, are now limited by law to 66 2/3% of the fair value of land and buildings. If restrictions were eased so that the basis for security on farm loans could include livestock and equipment, the entire needs of the farmer could be financed in one package on a relatively long term basis.

Mutual Life, he continued, would undoubtedly expand its lending to individuals and partnerships, now prohibited by law. "Certainly," he added, "we would also attack more vigorously the development of some techniques whereby we might participate safely, and to a limited extent, in equities of various kinds."

Mr. Whipple cautioned that any change in restrictions governing investments by life firms should be approached with the most extreme care. He urged that a continuous and cautious study be made to encourage the removal of restrictions in such a manner and to a degree that permit reasonable exploration by life companies of new forms of investment. This has been the tendency of the several state insurance departments, but the tendency should be developed into a consistent policy in face of the growth of institutional investment and the need for a constant and free flow of funds into investment channels, he concluded.

JOSEPHS TESTIFIES

There is no dearth of investment opportunity for life companies, Devereux C. Josephs, president of New York Life, told the subcommittee. Satisfactory offerings including mortgages for new housing have been available in substantial volume since the end of the war, Mr. Josephs said. "The very large demands for private senior capital in the post-war reconstruction period were met in part by the life insurance companies not only through their accumulation of new cash but also by the sale of government bonds. In this way needed expansion of public utility service to the nation, as well as industrial construction deferred during the war, was promptly accomplished."

Mr. Josephs observed that the subject of common stocks as an appropriate investment for insurance funds deserves further study.

The dominant factor in the senior security market today, Mr. Josephs said, is the \$217 billion of government debt outstanding which provides a stabilizing reservoir. Private industry, to obtain funds, must offer a rate that is attractive relative to government securities, he explained.

Until needed for the purposes for which the policies were purchased, life insurance funds are a source of capital essential to the operation of the national economy. No source has been discovered which can take the place of this one which has developed so naturally, nor is there a better example of the cooperative aspect of the free enterprise system, he declared.

By keeping interest rates down in order that the government may refund and borrow cheaply, life insurance has been made less attractive, Mr. Josephs

continued. Unbalanced budgets caused either by unavoidable costs of government or by social benefits for which we are not yet willing to pay, has inflationary effects which may destroy part of the purchasing power of the savings of the policyholders, he concluded.

Mr. Josephs agreed with O'Mahoney that profits and salaries are "pretty good" and there is prosperity, but expressed fear of "what might happen."

"A very wise man said to me the worst things never happen," suggested O'Mahoney. "If we should have a third world war the outlook would be extremely dark for life insurance." The witness agreed.

Replying to questions by Representative Herter concerning inflation, Mr. Josephs said his company gets many letters from policyholders asking, "What are you going to do about it?" This reflects their belief, the witness opined, that their savings will become a good deal less valuable. However, life insurance sales have held up well this year as last. People are hunting for security much more than they ever had before, both in buying insurance and in the belief or hope that they will get something from the government, the witness declared.

Not Alarmed By FHA Program

Concerning the company investments in housing, Mr. Josephs reported that returns have been satisfactory. He was not alarmed by the FHA program with respect to individual mortgages, feeling FHA has stimulated private financing of housing. Nor was he unduly alarmed over present government housing programs.

O'Mahoney said part of Mr. Josephs' prepared statement implied there are many rejections of loan applications and asked why.

"We don't think there is enough protection of policyholders' money," the witness answered. He said his company

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McLaurin First Candidate for N.A.L.U. Secretary

Henry J. McLaurin, general agent of Aetna Life at Detroit, has become a

candidate for secretary of National Assn. of Life Underwriters at the annual meeting to be held in Washington, D. C., next September.

Mr. McLaurin consented to become a candidate for secretary after both the Michigan State Assn. and Detroit Life Underwriters Assn. had unanimously endorsed him for that office. He is present national committeeman of the Michigan association and former president of that group.

Mr. McLaurin's candidacy is the first to be announced. It has already gained the support of several strong association groups and individuals in various parts of the country.

American H. & L. Changes

Russell Kuentler has been promoted from office manager of American Hospital & Life to agency secretary. He is succeeded as office manager by Lyman H. Brewster. He had much experience in accounting work.

SBLI Cover \$156 Million

Insurance in force in the New York State Savings Bank system now aggregates \$156 million comprising 115,000 policies, according to the Savings Bank Life Insurance Fund.



H. J. McLaurin

United L. & A. Stock Question Is Litigated

Proceedings are now under way in Merrimack county superior court, Concord, N. H., in an action brought by Shenandoah Life to compel the management of United Life & Accident to reveal its stockholders list to Shenandoah. Here involved is an effort on the part of a group headed by Hugh F. Dickson of Atlanta to acquire control of United. Mr. Dickson's principal associate in this undertaking died Nov. 30. He was Frank McNeny of Dallas. Mr. Dickson states that if he gets control he and Mrs. McNeny will each hold 45% of the stock and Walter L. McNeny, brother of Frank, will have 10%.

Shenandoah has 4,128 shares of United stock and it has an agreement with the Dickson group to sell at \$85 a share conditional upon Dickson's ability to buy at least 8,000 more shares. There are 12,000 shares outstanding.

Paul Buford, president of Shenandoah, was a witness. He said his company has long wanted to dispose of its United holdings and felt that the Dickson offer was an advantageous one. He said he wanted the stockholder list so as to be able to inform stockholders of the sale and to notify them that the offer would be made for their stock.

Feeler Is Put Out

Mr. Buford said that just after the Dickson group made its offer, he got a letter from an official of United saying Concord interests might be interested in the Shenandoah holdings at \$50 per share.

Counsel for United said he intended to show \$85 was not a fair price unless the purchaser intended to sell or liquidate the company, that it was not a fair market price for a stock paying but a \$2 dividend. W. L. Haller, secretary of United, testified that the stock might be worth more than \$200 a share in liquidation. John V. Hanna, president of United, said he and his family have 471 shares. He said he bought two small blocks at \$30 and \$37.

In his closing argument counsel for United said the petition should be dismissed because Shenandoah had failed to comply with the requirements of the state law that a foreign corporation must register with the secretary of state and the insurance commissioner; that they were dealing in securities and did not have permission from the insurance commissioner to do so; that the court should not substitute its discretion for the board of directors; that the information desired was for speculative and improper purposes.

N. J. Plan Experience

New Jersey, under its state disability insurance provisions, will pay out approximately \$3 1/2 million in 1949, first year of operation of the program, to workers who were sick or disabled under conditions not connected with their jobs. This does not include the payments under the private plan section of the TDB law.

Contributions of employers and workers for state plan coverage will run about \$11 million for 1949.

About 800,000 workers are covered under private plans, the state being responsible for the coverage of approximately 1 million. Two-thirds of the 15,000 private plans provide for benefit rates higher than state plan requirements.

Honor Company Chiefs

Edmund Fitzgerald, president of Northwestern Mutual, and James Daggett, president of Old Line Life, will be honor guests and speakers at the Christmas meeting of Life Managers & General Agents Assn. of Milwaukee Dec. 16.



MERRY CHRISTMAS!

Once again the Christmas season is here. Every man, woman, and child across this great nation is sensitive to the atmosphere of happiness and joy which prevails during this season.

For many thousands this year, December 25 will be a day of love and giving and joy—instead of just another day in December. This will be so because some wise and thoughtful underwriter insisted on the purchase of needed life insurance.

And, the season of Christmas affords an ideal opportunity for each of us to seriously ask himself, "Will there be any disappointed kids this year because I didn't do a good, strong job of selling?"

To all its friends and associates in the life insurance business, Commonwealth wishes a very Merry Christmas and a most enjoyable Holiday Season.

Insurance In Force—November 1, 1949—\$129,129,115

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No Mandatory Standard Policy for TDB in N. Y.

Bohlinger Tells Department's Position at Commerce Forum

NEW YORK—The New York department will not promulgate a standard form of policy for mandatory use by insurers writing the new non-occupational disability cover in this state, A. J. Bohlinger, deputy superintendent, told the all-day forum on the subject conducted by Commerce & Industry Assn. of New York.

The department wants to allow as much latitude as possible for development of coverage for the substantial number of employers that will want a policy limited to statutory benefits and a representative insurance committee is working out minimum benefits advisory forms.

The superintendent will dispense with the requirement of notice to employees by insurance certificate in order to hold down cost, but instead a substitute method of notice is being evolved. Since disability rates are not regulated in the sense that fire and other casualty rates are, uniformity of rates for the new cover is not likely even on minimum benefits cover. Mr. Bohlinger said he thinks there will not be much variation, however.

The New York type of legislation differs from that in other states, so that insurance has a big opportunity and responsibility to make the law work well. The coverage is neither a bonanza nor a chore. Much will depend on insurance self-regulation, he said. An all-industry committee has been formed to work with the workmen's compensation board and the insurance department to devise statistical reporting procedures so there will be full disclosure of experience at all times.

Estimates Given on Rates

It is too early to say what rates will be for disability cover, Albert Pike, Jr., of Life Insurance Assn. of America said, in discussing costs, but he estimates they will range from $\frac{3}{4}$ to $1\frac{1}{2}\%$ of payroll, excluding pay over \$3,000 a year and depending on proportion of women employees. The employee pays about $\frac{1}{2}\%$ up to \$3,000, leaving employer cost $\frac{1}{4}$ to 1% of covered payroll. This compares with a range of perhaps 100 to 1 between lowest and highest premium rates in workmen's compensation, which spotlights an important distinction between this and compensation insurance. It explodes the theory coming out of Washington that disability costs in poorer risk industries are so high these industries must be subsidized by others through some process such as a flat average premium rate or tax. Insurers have been selling coverage for years without a compulsory law and know that premiums adjusted to the particular risk are practical.

A cost of 1%, which is about what the average cost will be in New York, is the tax rate for disability funds in Rhode Island, California and New Jersey, where payment may run 26 weeks instead of the 13 in New York. The reason for this is that benefits for 26 weeks are not twice as expensive as benefits for 13 but only about a fifth more expensive. Also New York did not have an employee-contributed fund for benefits to sick unemployed as do the other three states.

Henry D. Sayer, manager of the Compensation Insurance Rating Board, participated in the cost discussion.

N.A.I.C. Convention Closes With Flourish

Group Relishes Shamrock After Grueling Work Sessions

The final decision at the Galveston mid-winter meeting of National Assn. of Insurance Commissioners was to hold the comparable meeting in 1950 at the Biltmore hotel, Los Angeles, Dec. 10-16. Earlier in the week invitations had been presented by Commissioner Downey of California for Los Angeles and by Commissioner White of Mississippi for Biloxi. Five members of the executive committee were designated to investigate and make a recommendation and they were divided three to two in favor of Los Angeles. The executive committee thereupon, declined to accept that recommendation on its own authority and put the matter up to the entire association. A vote was taken and Los Angeles won by 17 to 13.

In the meantime, there had been quite an informal movement to pass over both invitations and select either Chicago or New York for that meeting. This, however, did not develop.

The big disadvantage so far as Los Angeles is concerned, is that the convention has to be held a week later than is customary due to the fact that football crowds will be tying up Los Angeles hotel space. There was objection to running the convention so close to Christmas.

Timid About Long Jaunts

Also, some of the commissioners at a distance from the coast, were uneasy about making another long jaunt. The convention's sequence has been from Miami in December of 1948 to Seattle last June, to Texas this time, Quebec

in June of 1950 and then to Los Angeles. Some of the commissioners have been having budget difficulties and others have been chided by their governors about these trips.

The Texas convention last week wound up in splendor and comfort at the famed new Shamrock hotel at Houston. Many of the group took the official bus trip from Galveston, which was the scene of the business sessions, to Houston, and they will long remember the seafood feast that was placed before them enroute at noon at San Jacinto inn.

Banquet at Shamrock

That evening there was a magnificent banquet at the Shamrock with George B. Butler, chairman of the board of Texas insurance commissioners presiding, and with Gov. Shivers as the featured speaker. Glen McCarthy, proprietor of the hotel, presented to each of the commissioners, a fine 10-gallon hat and along with it went a certificate from the governor, enrolling each of the commissioners into the circle of "real Texans."

W. W. Heath Is Host

One of the enjoyable features for the commissioners and other special guests was the cocktail party prior to the banquet in the penthouse of the Shamrock at which Attorney W. W. Heath of Houston was host. Mr. Heath also extended other courtesies to the commissioners.

Due to the fact that only two plenary sessions were held during the week and that the first one came at an early stage when there was little to be acted upon, the final such session ran until late in the afternoon of the final day at Galveston and there was a great

(CONTINUED ON PAGE 19)

Doctors Increase War Fund to Fight Truman Health Plan

A.M.A. Turns Thumbs Down on Sen. Douglas' Deductible Scheme

WASHINGTON—Stronger opposition to the administration's national compulsory health insurance program developed last week with approval by American Medical Assn. house of delegates of \$25 annual dues for a fund to fight that program, and announcement by Senator Douglas, Illinois, heretofore an administration supporter, of some details of his limited compulsory health insurance proposal.

The A.M.A. program is estimated to yield a fund of \$3,054,000, \$1,200,000 more than collected this year under a voluntary assessment plan. Dr. L. H. Bauer, A.M.A. board chairman said the organization will renew its contract with Whitaker & Baxter, public relations firm, for 1950, with emphasis on popularizing voluntary health insurance coverage, as an alternative to the administration's program. Bauer said A.M.A. would encourage such plans to cover individuals, protect persons over 65 and to offer catastrophic coverage.

Reply to Sen. Douglas

This last point Bauer indicated, was by way of reply to Senator Douglas, who, however, proposes taxation of salaries and wages to finance compulsory insurance to cover catastrophic illness producing medical expenses over and above 5% of family income, or \$150 per family per year, whichever is smaller. Families having incomes below \$3,000 a year would have medical care paid for after its cost exceeds 5% of their income. With reference to self-employed persons, Douglas proposed his plan be financed from an income tax.

Describing his proposal as a "sensible" compromise between administration and A.M.A., Douglas predicted that if the latter maintains a completely "sterile" and "negative" attitude, it may find that the people, burdened with increasing medical costs, would through their legislators, turn to a "less sensible" plan, such as that of the administration.

Administration of his plan, Douglas said, should be decentralized and in the hands of a non-governmental body, preferably.

However, Dr. Bauer made it clear A.M.A. will have nothing to do with a compulsory program and said that the government could not collect taxes contemplated in the Douglas plan and turn the fund over to private insurance or other groups for administering catastrophic coverage.

The house of delegates voted to require law-sponsored health programs, such as Group Hospitalization and Group Health here, to complete a year's functioning before A.M.A. approval will be extended to them; also that they must obtain both county and state medical society approval before seeking A.M.A. endorsement. Previously, the backing of only one or the other such society was required.

Holds H.O. Training School

Guarantee Mutual Life had 17 in attendance at its 24th home office training school. The two weeks' sessions were devoted to a basic study of the principles of selling life, A. & H. and hospitalization, with an attempt to train each man under conditions similar to those he will encounter in the field.

Two Partners Survived

George C. Howard, Penn Mutual General Agent at San Diego:

"In this case of partnership insurance there were three partners, one aged in his fifties, the other two in their thirties. The older was an experienced contractor, and the other two supplied the capital.

"During the eldest man's long illness and absence, the younger partners, through inexperience, lost money and at the time he died the firm was on the verge of bankruptcy.

"The proceeds of his policy, payable to the survivors, immediately became a sufficient sum of ready cash to temporarily satisfy the creditors of the firm and permit the survivors to reorganize and continue the business, which today is most profitable. I have always been particularly proud of the part life insurance had in assisting in the ultimate future success of the surviving partners in the business."

THE PENN MUTUAL LIFE INSURANCE CO.

MALCOM ADAM
President

INDEPENDENCE SQUARE, PHILADELPHIA

Nearly 500 Attend Four Texas A. & H. Sales Congresses

Nearly 500 A. & H. men attended the sales congresses sponsored by Texas Assn. of A. & H. Underwriters at Lubbock, Dallas, San Antonio and Houston. The sessions opened with luncheons at which association leaders were introduced. Following the luncheons, Emerson Davis, Inter-Ocean, Dallas, sales congress general chairman, spoke briefly. In San Antonio, he spoke of feeling a pride in having been instrumental in developing the San Antonio association.

E. F. Gregory, Business Men's Assurance, Denver, former national president, stressed the importance of "Those First Fateful Seconds." He said a study of sales made indicates that the approach is the determining factor in a sale, leaving only about 25% for the presentation and close. He conceded, however, that unless there were closes there would have been no sales. He developed the approach as having "two prongs," the physical appearance of the salesman and the psychological impact of the physical approach upon the prospect.

The impression made in the first few seconds determines whether the salesman obtains an interview. He emphasized the importance of doing something to hold the attention of the prospect. While the salesman does not have merchandise which he can place immediately in the hand of the prospect he does have a pencil and a pad on which he can show a diagram. He outlined several visual presentations.

Underwritten or Underrotten

W. D. Bacon, general agent Occidental Life, San Antonio, took as his theme "Underwritten or Underrotten," developing the important part the agent must play in the proper underwriting of A. & H. insurance. He opened his talk with the statement: "I am a salesman. Too much emphasis has been put upon the professional side of the business. He who is professional puts his name on the door and waits. Insurance has to be sold. We can not sell our merchandise over the counter. In a limited sense I am an agent in sales for the company. When the man signs the application for the contract, I am his agent as well as that of the company. He has a right to expect me to deliver what I represent to him."

Carl A. Ernst, North American Life & Casualty, St. Paul, International association treasurer, gave his talk on

"The 4 S's in Selling" which has been greatly acclaimed.

Clifford McDonald, Dallas, agency supervisor of Insur-O-Medic Life, spoke on "The Man in the Field."

Busy Week at New York for Life Insurance

NEW YORK—This has been a busy week here for life insurance executives, especially if they are also lawyers. The meetings got under way Tuesday afternoon with Assn. of Life Insurance Counsel opening session, which was followed by a cocktail party. The counsel association was in session again the following day. Late in the afternoon Life Insurance Assn. of America gave its traditional cocktail party, followed closely and somewhat overlapped by that of New York City Life Managers Assn., preparatory to the annual dinner for their companies' executives, at which Julian S. Myrick, retired vice-president of Mutual Life, was guest of honor.

L.I.A. held its meeting Thursday, with Institute of Life Insurance scheduled to meet Friday.

During the week the American Life Convention's executive committee met. There were also meetings on Monday of National Assn. of Life Underwriters social security industry promotion committees.

C. K. Dean to S. W. Post for Franklin

Cecil K. Dean has been named director of agencies of the southwestern area for Franklin Life, with immediate supervision of agency development in Texas. Eventually he will handle Arkansas, Oklahoma, New Mexico and Louisiana. His headquarters will be in Dallas.

He entered the business in Oklahoma City after returning from the first war. Later he became a general agent at Topeka, and then a company officer. In 1929 he was appointed general agent at Wichita, for Penn Mutual. Five years later he became assistant to the director of agencies of American National. He was later at Dallas in pension trust selling and was for nine years general agent at Wichita for Bankers Life of Nebraska.



Cecil K. Dean

General American Wins Round in Jurist Issue

JEFFERSON CITY—The Missouri supreme court has granted temporarily the application of General American Life for an order barring Circuit Judge Harry F. Russell of St. Louis from continuing to preside in the proceeding involving the final settlement of the old Missouri State Life account under the management contract entered into in September, 1933. Judge Russell was granted 30 days in which to file a reply to the application for the ouster order, after which the high court shall determine whether its ruling shall be made final. It is probable that the Supreme Court will name a special commissioner to hear testimony bearing on the question of whether Judge Russell is so biased and prejudiced against General American Life and former Superintendent Jackson as to render him an improper jurist to handle the hearing.

Previously the supreme court declined to act in the matter. It was on a motion for a rehearing that the court issued the temporary order.

Need to Reduce Living Standard to Finance Pensions

Several hundred persons were turned away from an overcrowded hearing of the New York state joint legislative committee on problems of the aging. A number of life company representatives were present.

Dr. Henry W. Steinhaus, research assistant of Equitable Society, discussed financing old age, comparing the pay-as-you-go and the funded social security systems.

If the present pension movement spreads and millions of citizens obtain a pension guaranteeing \$100 a month including social security, the annual cost would be prohibitive, he said. On a funded basis it costs about 6% of payroll to provide private pensions to supplement those proposed under H.R. 6000 or \$6 billion annually for a \$100 billion payroll. This amount added to taxes proposed for pensions, he observed, represents a sizable proportion of the national capacity to save. The withdrawal of funds of such a magnitude would probably cause a decline in consumption and if the government attempted to replace the deficiency by additional deficit spending, an inflationary cycle would be set in motion which would again deflate the purchasing power of pensions, he said.

Must Reduce Living Standard

He said he thinks the public understands now that it cannot increase its standard of living by printing money and distributing it. But the public does not understand, he said, that old age security cannot be created by putting away current earnings without actually reducing the standard of living accordingly.

Among the suggestions he made to the committee were that the span of retired life be stabilized by encouraging deferment of retirement, efforts to curb inflation, and an exploration of non-monetary financing of old age security. By this he referred to the adoption of the European pattern of living of the aged. Its theme is the provision of living quarters either in large settlements or individual homes and apartments of income producing types. The cost of living quarters is one of the biggest items in the budget of the aged while ownership of living quarters effectively provides an inflation proof roof over the head, he stated. Taxation of such dwellings must be handled in such a way as to avoid undue burdens on both the aged and the community, he said.

Other speakers discussed the employment, psychiatric, and physiological problems of the aged. Hospitalization and medical care and other geriatric problems were discussed by almost 20 other persons who testified.

Savings Bank TDB Session

Arthur M. Browning, manager of group casualty coverages Equitable Society, discussed how savings banks can comply with the New York disability benefits law by an insurance company plan at a meeting of the New York State Savings Bank Assn. The savings banks have been using a salary continuance plan. When those present learned that employees must contribute to the build up of the reserve fund for the disabled unemployed for which a tax starts Jan. 1, 1950 there seemed to be considerable sentiment for having an employee contribution when the coverage starts on July 1, 1950. The tenor of the discussion indicated that there was less enthusiasm for self-insured plans than had existed.

Indiana University has appointed F. H. Dunn, vice-president of American United Life, a consultant to faculty and students in the school of business.

Did you know

**THE CROWN LIFE
SERVES POLICYHOLDERS
WITHIN FIFTY-SEVEN
SEPARATE NATIONAL, STATE
AND PROVINCIAL
GOVERNMENTS**

CROWN LIFE
Established 1900 **INSURANCE COMPANY** Home Office Toronto—Canada

The Crown Life is now licensed to operate in Alaska—Arizona—California—Hawaii—Idaho—Indiana—Louisiana—Michigan—Minnesota—Missouri—New Jersey—New Mexico—North Dakota—Ohio—Texas—Washington.

PROGRESS IN THE FIGHT AGAINST TUBERCULOSIS

THE OUTLOOK for controlling tuberculosis grows brighter each year. In fact, the death rate from this disease has declined more than 80 per cent since 1900 and more than one third from 1940 through 1948.

Authorities emphasize, however, that continued improvement in the mortality from tuberculosis depends upon finding every case, treating it promptly, and preventing the spread of infection to others. They also hope that further technological developments will prove valuable in the treatment of this disease.



**Efforts toward
early discovery**

New tuberculosis cases are being discovered in greater numbers than heretofore as a result of modern diagnostic techniques. In fact, during the past 8 years, the number of

new cases actually reported increased by nearly one third. This reflects the progress that physicians, health authorities, and others are making in their efforts to discover tuberculosis early. For example, some ten million people in our country are now being X-rayed each year to help protect themselves and their families.



In addition to X-rays, other diagnostic aids such as tuberculin tests and fluoroscopic examinations make it possible to discover tuberculosis in its early stages and commence treatment before it spreads.

**Old and New Weapons
help in the fight**

Rest in bed, preferably in a sanatorium or tuberculosis hospital, is still considered to be an important method of treatment. The use of surgery in some tuberculosis cases has proved to be beneficial; in fact,

there are now several operations which may, under proper conditions, help give diseased lung areas extra rest.



There is evidence that the next great advance against tuberculosis may come through treatment with new drugs. One type has already been used successfully in some forms of the disease. Other promising drugs are being tested in the laboratory.

Experiments with a vaccine offer the hope that its use will help certain individuals to build resistance against this disease.



If tuberculosis is discovered early, and treated promptly and properly, there is an excellent chance that it can be controlled. In this event, the patient who carefully follows his doctor's advice and adjusts his living habits accordingly can generally return to a nearly normal life.

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**Metropolitan Life
Insurance Company**
(A MUTUAL COMPANY)

1 MADISON AVENUE, NEW YORK 10, N. Y.



This advertisement is one of a continuing series sponsored by Metropolitan in the interest of our national health and welfare. It is appearing in two colors in magazines with a total circulation in excess of 34,000,000 including Collier's, Time, News-

week, Saturday Evening Post, Ladies' Home Journal, Good Housekeeping, Cosmopolitan, McCall's, American Magazine, Woman's Home Companion, National Geographic, Parents', and Redbook.



General Jonathan M. Wainwright, hero of Bataan and now president of Armed Forces Mutual Life of San Antonio, (right) is here photographed at Galveston convention of N.A.I.C. by Harry H. Fuller, deputy U. S. manager of Zurich, with M. J. Harrison, Little Rock attorney, and former Arkansas commissioner at left, and Ralph G. Lawrence, general manager of Armed Forces Mutual and Acme Mutual.

Uphold Insurer's Exemption from Unemployment Taxes

The Ohio supreme court has affirmed the opinion of lower courts that the Ohio agents of American Life & Accident of Kentucky are not in employment within the meaning of the state

unemployment compensation law and that the company is not liable for contributions to the compensation fund. The court ruled that the company is entitled to recover all but \$3,907 of the \$19,366 which it had claimed were its contributions since 1940. It was held that the agents in this particular case are masters of their own time and effort

and responsible only to the company for results. The court emphasized that the decision does not apply to insurance companies generally. It was found that the company has a special employment agreement with its agents to sell and collect weekly premium cover with compensation based on a percentage of collections and sales.

L. A. Managers Name Hays as President

Life Insurance Managers Assn. of Los Angeles has named as president Rollo R. Hays, New England Mutual; vice-president, John R. Mage, Northwestern Mutual; secretary, Walter S. Payne, Prudential; directors, G. A. Sattlem, Mutual Life, retiring president; Robert Cecil, West Coast Life; Robert L. Altick, Massachusetts Mutual, and E. A. Ellis, Pacific Mutual.

In a panel discussion on "Plans for 1950," George N. Quigley, Jr., Manufacturers Life, outlined eight major points for long range planning: Review the last year's work; decide what the agency wants to accomplish in the years 1950-55 and take one-fifth of that for 1950 goal; analyze each man's work; meet and plan with the men; consider new organization, how many men to take into the agency; training technique and prestige and morale.

Deliver Sales Manpower

Lloyd Lafot, New York Life, said the basic job of the general agent or manager is to deliver sales manpower to the company. He finds no way of getting the sales manpower other than getting new men. He advocated holding planning and conferences until each man knows his part. An analysis of results for the year gives the manager a knowledge of what was manpower he must have.

Kellogg Van Winkle, Equitable Society, stressed two things, taking care of what he has and growth of the agency. He said two phases of special training are teaching the men on estate planning work and that the company will loan money on life insurance. He said the plans all are geared to getting agents into the higher field of production.

Sources of New Agents

John W. Yates, Massachusetts Mutual Life, gets 20% of the production from the new organization. He plans for 60 full-time associates and the 20 new men will not differ from the 40 he now has. He said his new men come from the agency members, from centers of influence and from personal observation. He endeavors to find out if he can motivate the new man before putting him on the payroll.

Mr. Van Winkle, as chairman of the legislative committee, reported on the last session of the legislature, saying that of the 72 bills life insurance favored, 70 had been enacted. He also called attention to HR 6000 in Congress, which fixes the status, if enacted, of agents and managers in the social security program.

O.K. Back-Dating in Ky.

Insurance policies may be dated back, Attorney General Funk of Kentucky has advised McKay Reed, general agent of John Hancock at Louisville, Ky.

He says there is nothing in the Kentucky statutes which would prevent it and he has been advised that the Kentucky department feels that the dating back of a policy is not contrary to the spirit of the insurance laws. He holds that it should be permissible for a term policy to be exchanged for one of permanent form and the new policy to be dated back, if so requested.

J. Henry Smith and Frederick W. Jackson, Equitable Society, discussed the New York disability benefits law at the December meeting of the New York City Bank Comptrollers & Auditors Conference.

Robert A. Adams Is New President of Life Counsel

Program Contains Much of Lay Interest and Some Light Features

NEW YORK—Talks of interest to laymen in life insurance as well as to

lawyers featured the annual meeting of Assn. of Life Insurance Counsel. An unusual and well received presentation was the use of five "quickies" on unusual points involving insurance law. Even more unusual and just as enthusiastically received was the "actuarial introduction" that preceded the talk of President E. M. McConney of Bankers Life of Iowa and of the Society of Actuaries. His introduction was a clever satire on the actuarial profession written by A. T. Collier, associate counsel of John Hancock.

Wearing cardboard handle bar mustaches and enormous "S A" keys, Mr.



B. K. Elliott



ROBERT A. ADAMS

Collier, billed as "Ed McCollier," John V. Bloys, assistant general counsel L.I.A., as "Bruce MacBloys" and J. J. Neitmann, assistant counsel L.I.A., as "Al Guertmann" made with the barber shop harmony to the intense delight of the audience, particularly Mr. McConney.

When the home office counsel is confronted with the inevitable enactment of a compulsory disability benefits law in his state the majority opinion recommends support of a New York type law, James K. Honey, assistant counsel Life Insurance Assn. of America, said in a joint discussion with Victor A. Lutnicki, associate counsel John Hancock, at the meeting of Assn. of Life Counsel. He added that some prefer the New Jersey type law and that others, predominantly casualty companies, give their primary support to an all private carrier law.

He criticized the Rhode Island and California type laws as following the tax approach in which all risks regardless of hazard pay the same rate. The premium approach varies the cost of the

(CONTINUED ON PAGE 24)

AGENCY ASSISTANT WANTED

A strong, progressive middle western company has developed its agency activities to the point where an agency assistant is needed. This is a real opportunity for a young man who has had a reasonably successful field experience, who is familiar with the details of agency department operations and understands agency costs. In addition to sales personality and experience in dealing with general agents and agents, the applicant must have the desire, as well as the ability, to assume greater responsibilities.

If you are a young man who is looking for a future as an agency executive, this is the opportunity to investigate. Negotiations confidential. Our own home office and field organization know about this advertisement. Address W-78, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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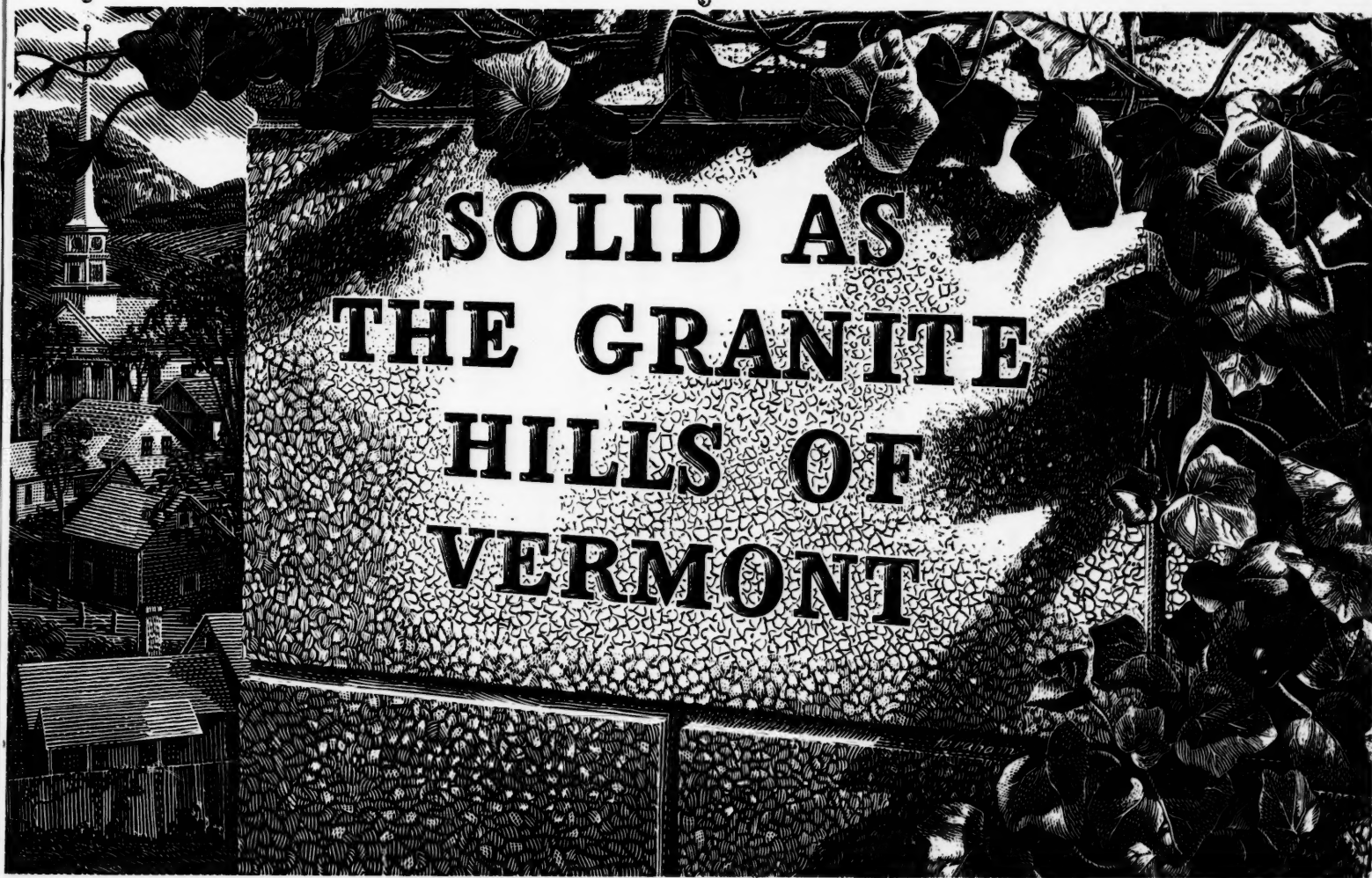
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NATIONAL LIFE INSURANCE
COMPANY

HOME OFFICE **VERMONT**
MONTPELIER

PURELY MUTUAL

ESTABLISHED 1850

Vital Tort Claims Issue Won for Insurance

The highly important question of whether an insurer under the 1946 federal tort claims act may bring a suit in its own name against the U. S. upon a claim to which it has become subrogated by payment to an assured who would have been able to bring such an action, was resolved favorably to the insurance interests by the decision of the U. S. Supreme Court in the bracketed cases of *U. S. vs. Aetna Casualty, World Fire & Marine, Yorkshire and Home*. These were different cases consolidated for purposes of giving the final word on the issue.

The question has been extensively litigated since the tort claims act was passed and it has commanded the utmost attention because of the Texas City case. Here there is an action to recover some \$200 million against the government, and much of that represents subrogation.

It was the government's position that the anti-assignment statute of 1853 known as RS 3477 prohibits suits by the

subrogee in its own name. The government contended that RS 3477 is a procedural requirement that the insurer sue and recover judgment in the name of the original claimant. The Supreme Court noted that in the courts below and until argument in the U. S. Supreme Court, the government contended that RS 3477 was a complete bar to recovery by a subrogee. Only in brief and argument before the Supreme Court was it suggested that the insurer could recover if suit was brought in the name of the insured to the use of the insurer.

That it was the understanding of Congress that subrogation claims were not within the bar of RS 3477 when it passed the 1946 tort claims act is abundantly clear, the Supreme Court concluded.

If 3477 is inapplicable, the court said, the government must defend suits by subrogees as if it were a private person.

Plan Indiana Leaders Annual

Benjamin N. Woodson, executive vice-president of State Life of Indiana, will talk at the annual meeting of the Indiana Leaders Club in April. Dalton McAllister, international champion of the Toastmasters Club, will treat the value of speech. The two-day meeting will feature a forum on the Indiana agents' qualification law.

Prudential to Have Canadian Head Office at Toronto

TORONTO — Plans for the establishment of a Canadian head office of Prudential have been announced by President Carroll M. Shanks.

The new headquarters, in the Bank of Nova Scotia building now under construction here, are expected to be ready for occupancy about Nov. 1, 1950.

Robert M. Green, a vice-president of Prudential since 1938, has been named head of Canadian operations. The new Canadian office will handle all phases of the company's business in Canada, subject to general company policies.

The establishment of this office was based on the conviction that the company's operations in Canada should expand markedly in the coming years, Mr. Shanks said. It now has more than \$1 billion of insurance in force on about 1 million residents of the dominion. Its investments in Canada currently exceed \$356 million.

First Canadian Office in 1909

Its first office in Canada was opened at Toronto in 1909 and the Canadian organization now has grown to 75 offices.

Mr. Green was an executive of Proctor & Gamble before becoming treasurer of Union Central Life in 1928. He joined Prudential as assistant secretary in 1932 and advanced to vice-president in 1938. He is of Canadian descent and is deeply attached to Canada.

The new operation will be staffed by Canadians, except for a small group from Newark, which is necessary for recruiting, training and some supervisory purposes.

Michigan Holds Illegal Contributory Group With Union Card Only Requisite

LANSING—The Michigan attorney general has ruled invalid a proposed group plan under which a union sought to make union membership, rather than employment, the only requisite for qualifying for contributory coverage.

The opinion, requested by Commissioner Forbes, found that it would be inequitable and a violation of the Michigan code to permit amendment of an orthodox employer-employee group form to provide that any member of a union, whether employed or not, should be construed as an employee and permitted to share in the coverage.

The commissioner had explained in a letter to Stephen J. Roth, attorney general, that in February of this year the riggers & machinery movers Local AFL, effected a bargaining contract with the heavy haulers' division of the Greater Detroit Cartage Assn. under whose terms a group insurance trust was to be effected with the employer paying into the trust an amount equal to four cents per hour of the employees' wages. The union wanted to extend coverage to all members whether employed or not. The union arranged for coverage by Continental Assurance and Continental Casualty.

Commissioner Forbes noted that the contracts were of an orthodox character as submitted but amendments not submitted for approval changed the meaning of the contract by artificially defining an employee as any member of the union in good standing.

The opinion, prepared by Maurice M.

Moule, assistant attorney general, concluded that the proposed contract fell within neither of the legal categories for group coverage, an employer-employee plan or a union group plan. The proposed amendment, construing membership in the union as "employment," was held to change the nature of the policy completely and to create a contract outside terms of the statute.

The trust fund agreement further was found to be in violation of the Taft-Hartley act, both as regards the proposed benefit payments to other persons than employees and in its proposed erroneous definition of the term "employee."

Business Cover Is Stressed at Aetna

Eight all-day clinics on business life insurance have been conducted throughout the west during the past three weeks by a four-man panel from the home office of Aetna Life. The sessions were held at Spokane, Seattle, Portland, San Francisco, Los Angeles, Denver, Wichita and Little Rock.

John K. Luther, field supervisor and leader of the panel, emphasized that American economic stability was getting a generous shot in the arm from the rapid post-war growth of business life insurance, which provides a pre-paid plan for the continued operation of a firm despite the death of one of its principal owners. He stressed the almost unlimited opportunities for expanding this coverage, pointing out that 72% of the business units carry no business life insurance while 90% of this group have never been approached.

Carl W. Eagle, agency assistant, described the basic elements as the buy-and-sell agreement—the establishment of a fair and equitable price of the business' book value and the intangible assets of the owners, and the pre-determined method for transferring the business interest to the new or surviving owners.

The three basic forms of business structures best served by business life insurance, Mr. Eagle said, are sole proprietorships, partnerships and corporations owned by a small group of individuals.

The approach to the business life insurance interview and the presentation to the prospect during the first interview were discussed by John D. Wagner and Joseph D. Bradley, agency assistants.

Juvenile Ruling Issued

Commissioner Downey of California has issued instructions to fraternal societies to comply with the law requiring societies to segregate juvenile funds and to make separate reports on them. This means, he states, real earmarking of physical assets, and not mere accounting entries.

In the new annual statement fraternal societies must report separately in the juvenile branch blanks, furnished for that express purpose, all juvenile business and the valuation thereof, irrespective of the plan upon which that business may have been written, and irrespective of the basis for the valuation of such business.

Reduces Retirement Rates

Jefferson National Life has reduced its premiums for retirement income plans at 60 and 65. The non-forfeiture values remain the same, as do the premium rates for the retirement income at 55 plan.

Award to John Hancock

John Hancock Mutual Life will receive an award from Freedoms Foundation, Inc., for its national advertising campaign featuring Americanism and self-reliance. Robert P. Kelsey, a vice-president of John Hancock, will receive the foundation's gold medal at special ceremonies in Boston next February.

Fifty-Sixth Year of Dependable Service

★ The State Life Insurance Company has paid \$166,000,000 to Policyowners and Beneficiaries since organization September 5, 1894 . . . The Company also holds over \$72,000,000 in Assets for their benefit . . . Policies in force number 102,000 and Insurance in force is over \$208,000,000 . . . The State Life offers General Agency Opportunities — with liberal contract, and up-to-date training and service facilities — for those qualified.



THE STATE LIFE INSURANCE COMPANY

Indianapolis, Indiana

MUTUAL LEGAL RESERVE FOUNDED 1894

'49 Life Sales \$23.2 Billion, L.I.A. Hears

NEW YORK — Life insurance sold this year in the U. S. will total about \$32.2 billion, roughly the same as in 1948 and 1947, Manager Bruce E. Shepherd reported at the Life Insurance Assn. meeting here. This three-year volume of more than \$69 billion exceeds by 40% that of any previous three-year period.

Mr. Shepherd pointed out that ordinary, industrial, and group have each followed different trends in the 1947-49 period. Ordinary in 1948 receded slightly from the 1947 peak of \$15 billion 457 million to \$15 billion 346 million. The 1949 new ordinary total will be close to, but probably just below, the 1948 level. It is presently estimated at \$15.3 billion or three-tenths of 1% below 1948.

New industrial in 1948 also showed a slight drop from 1947 but this year is expected to top the 1947 peak by about 2%, reaching an estimated volume of \$4.6 billion, or about 3.3% above 1948. Group had a 1948 gain of about 10% and the 1949 estimate is \$3.3 billion or about 1.6% under 1948.

80 Million Covered

By the end of this year about 80 million people will enjoy a total protection of about \$213.4 billion of legal reserve life insurance, Mr. Shepherd said.



BRUCE E. SHEPHERD

This is a net gain of about 6%. About 66% or approximately \$140.1 billion will be ordinary, about 15% or \$31.6 billion industrial and about 19% or \$41.7 billion group.

Benefit payments for 1949 will total some \$3.5 billion by the year-end. About 43% or \$490 million is death claims. A. & H. benefits will run about \$400 million. All types of payments increased over 1948 and all, except surrender values and disability benefits, are at all-time high levels.

The investment report was given by Dr. James J. O'Leary, L.I.A. director of investment research. He said that assets of all legal reserve life companies will approximate \$59.3 billion by the year-end as against \$55.5 billion a year earlier. Assets rose \$3.7 billion in 1945, \$3.4 billion in 1946, \$3.7 billion in 1947, and \$3.8 billion in 1948.

How Investments Are Divided

Public utility bonds held rose from 11.6% of assets at the end of 1946 to about 16.5% at the end of 1949; industrial and miscellaneous bonds, mainly industrials, from 6.9% to 14.9%; mortgage holdings from 14.8% to 21.7%, while at the same time U. S. government securities declined from 44.9% to 25.6% of assets.

Despite the moderate recession in business activity during the first half of this year the life companies disposed of \$1.6 billion of federal obligations to meet the heavy capital demand of pri-

vate borrowers. Holdings of state and municipal bonds have increased by \$434 million since 1946, and increases over the three-year period have also occurred in the holdings of bonds of the Canadian government as well as of the bonds of other foreign governments.

Effect of Interest Drop

Dr. O'Leary said that the falling rate of life insurance investment earnings has meant that total net investment

earnings of all U. S. legal reserve companies, based on L.I.A. members experience, in 1948 alone were \$1,078,230,000 lower than they would have been at the 1930 rate of investment earnings. This difference is over one and three-quarter times as great as the amount of dividends actually paid to policyholders last year, and also about one and three-quarter times the volume of first year premiums on policies purchased in 1948.

Dr. O'Leary said no responsible person would deny that the federal fiscal authorities must be concerned with the

maintenance of orderly conditions in the government securities market. On the other hand, the broad public interest would seem to dictate that fiscal and monetary policy should be centered on the preservation of price stability and general economic stability. A strong argument can be made that if the authorities had been less concerned in the postwar period with rigidly supporting the government securities market and had used monetary powers more forcefully to combat inflation the general public interest would have been better served than was the case.

UNUSUAL CONVERSION PRIVILEGE

In addition to the conventional right to convert Ordinary Life to a higher premium plan by a lump sum payment —



SPOT NEWS

THE MASSACHUSETTS MUTUAL ORDINARY LIFE CONTRACT

ALSO PERMITS SUCH A CONVERSION WITH THE COST

APPORTIONED OVER THE REMAINING PREMIUM PAYING PERIOD.

For instance—

At 25 Mr. Average Man buys \$10,000 Ordinary Life, a permanent plan with a low annual premium outlay of \$207.10 yearly.

When he reaches 50 his income has increased, his family expenses are tapering off, and he may consider conversion of his Ordinary Life to a contract with an increased investment element. He may, for example, convert this Ordinary Life to —

- 1 \$10,000 Life Paid-Up at 65, by applying and paying:
 - a. a single sum of \$589.16, and thereafter annual premiums of \$225.40 until he is 65, or —
 - b. annual premiums of \$260.70 from 50 to 65.
- 2 \$10,000 Endowment at 65, by applying and paying:
 - a. a single sum of \$1,573.32, and thereafter annual premiums of \$250.10 until he is 65, or —
 - b. annual premiums of \$381.50 from 50 to 65.

Massachusetts Mutual

ORGANIZED 1851

LIFE INSURANCE COMPANY
SPRINGFIELD, MASSACHUSETTS

From full-time representatives of other life companies we invite
only surplus and special business not acceptable to their companies.

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Cliff McMillen Concept

A suggestion is effective in inverse ratio to its directness; master the art of indirect suggestion if you would sell more life insurance pleasantly.

Clifford L. McMillen
347 Madison Avenue
New York 17, New York

No. 48 of a series — No. 47 appeared last week

THE NORTHERN LIFE INSURANCE COMPANY

Provides its Underwriters —

- Generous First-year Commissions
- Full Renewals to the 15th Year
- Group Life-Accident-Health Protection
- A Life Income Pension Plan
- Prize-winning Sales Helps
- A FULL Sales Kit, Including Life, Accident, Health, Hospitalization, Group Life, Group A & H, Salary Savings

Managerial Openings in Newly-opened Midwestern Territory. Write Direct to Home Office; L. J. Myklebust, 940 Des Moines Bldg., Des Moines, Iowa; or H. C. Vollmann, 4434 North Dover Street, Chicago 40, Illinois.

NORTHERN LIFE INSURANCE COMPANY

Established 1906

D. M. MORGAN, President
Home Office: Northern Life Tower
Seattle, Washington

LIFE * ACCIDENT * HEALTH

Issued together at a substantial saving,
or separately



Richardson Leaves N.A.I.C. Position

J. T. Richardson, before leaving the Galveston convention of National Assn. of Insurance Commissioners, made the decision to resign from that position effective Jan. 15, rather than to move to Chicago where the central office of N.A.I.C. is to be established as soon as possible. Mr. Richardson has many ties at Raleigh, which has been the headquarters of the central office, and in weighing the matter concluded that he would be making too great a sacrifice to change his place of residence. The commissioners at the Seattle meeting last June voted to move the office to Chicago not later than Jan. 1, 1950, but at Galveston, the question was raised again. After debate the original decision was reaffirmed.

Mr. Richardson is a graduate of Presbyterian College of South Carolina. He entered the life insurance business in 1921 with Equitable Society and was connected with that company at Richmond, New York City and Rock Hill, N. C. In 1925 he went with Aetna Life. He was a partner in an Aetna Life general agency at Raleigh for eight years and then from 1944 until going with N.A.I.C. as assistant secretary in July of 1948, he was general agent in western North Carolina with headquarters at Charlotte.

Reinstatement Plea Lost

RICHMOND—A damage suit brought by Jacob V. Bowen of Richmond against Home Beneficial Life was dismissed by Federal Judge Hutcheson.

Bowen, a war veteran, alleged that Home Beneficial declined to reinstate him to a position he left when he was inducted into service. Damages of \$4,057, which he said represented a loss of wages, were demanded.

Judge Hutcheson ruled that the insurer had offered Bowen reemployment in a position of seniority, status and pay equivalent to the job he left. He held that it was unreasonable to ask the company to reinstate Bowen to a job identical in every respect to his former one.

The plaintiff's action in refusing to accept the firm's offer of restoration to a like position barred him from suing for damages, the court said.

C.L.U. Classes at U.S.C.

In addition to those who are preparing for C.L.U. examinations by home study, the Los Angeles chapter announces that 79 are enrolled at classes at University of Southern California. Dr. Donald Scoles of the U.S.C. staff is in charge of the campus program, assisted by George N. Quigley, Jr., Manufacturers Life, and vice-president of the Los Angeles Chapter, C.L.U.

Life of Ga. Shifts



J. B. Gilliland



Rufus Pritchett

Jason B. Gilliland, who has joined Life of Georgia as assistant general attorney, formerly was legal assistant to Associate Justice Candler of the Georgia supreme court.

Rufus Pritchett is retiring as Life of Georgia's Atlanta division manager. He joined the company 49 years ago, having been hired by its founder and president, the late J. N. McEachern, Sr.

Hutchinson Heads Medical Bureau

Dr. J. R. B. Hutchinson, vice-president and medical director of the Acacia Mutual has been elected chairman of the Medical Information Bureau, to succeed Leland J. Kalmbach, vice-president of Massachusetts Mutual.



J. R. B. Hutchinson

W. J. Adams, secretary Canada Life was elected vice-chairman. Elected to the executive committee were Berkeley Cox, general counsel Aetna Life; Leigh Cruess, vice-president and chief actuary Mutual Life and Dr. L. S. Ylvisaker, vice-president and medical director of Fidelity Mutual.

The Medical Information Bureau makes possible an exchange of medical information among life companies. Bureau files in 1949 contained reports concerning more than six million individuals. Membership of the M. I. B. embraces 257 companies.

Guardian Has Chicago Rally

Seventeen field managers of Guardian Life from 12 midwest and southern states attended the second of a series of regional management conferences in Chicago. Guardian's agency development program for 1950 was the principal subject. John L. Cameron, vice-president, Frank F. Weidenborner, agency vice-president, Daniel J. Lyons, second vice-president, Edwin J. Phelps, agency director, and Paul E. Van Horn, director of field training, conducted the three day conference.

Wisconsin Leaders Meet

Speaking before Wisconsin Life Insurance Leaders Round Table at Milwaukee, L. E. Balza, Green Bay agent for New York Life, who is a life member of the Million Dollar Round Table, discussed the relation of the life producer to estate planning. Harold R. Noer, Wisconsin Life, Madison, presided as chairman of the group. Clyde Coffell, Phoenix Mutual Life, Milwaukee, vice-chairman, was in charge of arrangements. About 80 attended.

Because a life insurance policy is testamentary in nature and may go even further, Mr. Balza said, it is increasingly imperative to be aware of those aspects and the relationships of that part to the larger and other phases of a person's assets.

Dr. Frost C.L.U. Speaker

Pointing out the importance of "selection in the field" by the agent, Dr. Harold M. Frost, medical director of New England Mutual, addressed the Indianapolis C.L.U. chapter on "Medical Selection, Past and Present."

Edward A. Krueger, State Life, reported a successful close to the chapter's program for voluntary subscriptions.

French Lick Speakers

Additional speakers for the program of the Mid-West Management Conference sponsored by Indianapolis General Agents & Managers Assn. at French Lick include Lowell Davis, Connecticut general agent of Provident Mutual; Charles Campbell, manager of Prudential at Newark, and Paul Speicher, R.&R.

Louise Overell Cannon, acquitted with George Gollum, her former boy friend, on charges of murdering her parents in 1947 by dynamiting their yacht, has elected to receive \$300 monthly for life instead of \$122,000 cash on life insurance policies, it was disclosed at Los Angeles. The 20-year old girl, who later married a policeman, is expected to receive \$150,000 net from her parents' estate.

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Polio Insurers Launch Analysis of the Line

Polio Insurance Assn. of Texas has secured the services of Tom Chamberlain of the consulting actuarial firm of Montgomery & Chamberlain, to prepare questionnaires and gather data for compiling statistical data on polio insurance. Mr. Chamberlain was formerly Texas state actuary.

At a meeting of the directors it was concluded that this type of insurance falls into the casualty category and hence from a commission standpoint, the casualty procedure should be followed. A straight line commission may be the best. Some companies that pay a higher initial commission than on renewals find that agents rewrite the business in other companies to take advantage of the higher first year compensation.

It was decided that this question will be discussed at the meeting of the association Feb. 14. It was also the consensus that a waiting period of at least 15 days is desirable.

Joe Brice of Republic National Life was named chairman of a new membership committee, and Charles Scott of Great American Reserve was assigned to get in touch with all com-

panies writing polio insurance who are not now members of the association to seek their enlistment.

It was reported that an attempt is being made to get the administrators of hospitals who handle polio patients to confer with insurance representatives and endeavor to develop a working formula to determine a per diem rate for the treatment of polio patients.

Questionnaire Has 38 Items

The questionnaire embraces 38 items, including number of policies written in 1949 divided as between polio only and dread disease, number of persons covered by average family group policy, renewal ratio, premium income, percentage of business on annual basis, semi-annual, quarterly, etc., number and amount of claims paid, breakdown by disease of claims paid, breakdown by benefits, amount of claim reserve, how claim reserve was estimated, number of reopened cases, whether the company writes a final letter of inquiry after it appears that the case is closed, amount of commissions paid, how many claims have been paid that occurred within 15 days of the application, what is the effective date of the policy, premium rate charged, success in selling polio insurance by direct mail, cost of issuing and servicing policies, what proportion

of the business was sold by regular agents and by other agents, whether the writing of this business has led to the development of life business through part time agents, whether it has increased or decreased the amount of life insurance written by regular agents and whether the company plans to continue writing the line.

Chaos in Washington: Clark

Speaking on a weekly radio program sponsored by the Massachusetts Committee for the Hoover Report, Paul F. Clark, president of John Hancock, asserted that if all the people in this country cashed in their life insurance policies, the total amount of \$44 billion which they would receive would not be enough to run the federal government for one year.

"Because of the tremendous growth of our government during the last 20 years," Mr. Clark said, "we find a sort of chaos in Washington, in which ordinary principles of business management are not in practice."

Transfer Newark Premium Office

Mutual Benefit Life has transferred its Newark premium office to the home office where it becomes a part of the premium payment and service office.

This is a consolidation step and follows a similar move made in 1947 when the New York City premium office was transferred.

The centralization has proved more economical and service is more efficient in that records are readily available. Employees of the Newark office will be transferred to the home office and the central department will handle the premiums and other records for \$476 million of insurance.

Offers Special Course

Hartford College of Insurance of University of Connecticut will hold a preparatory class for examinations 1 and 2 of Life Office Management Assn. during the second semester of the college year. The first class will be on Jan. 9.

Cooke to Speak in Okla.

A Christmas party will be held Dec. 23 by the Oklahoma agency of New York Life. Hamilton Cooke, Jr., club secretary from the home office, will speak. About 60 are expected to attend.

The name of Indianapolis Life Insurance & Trust Council has been changed to "Estate Planning Council."

OBSERVATIONS

Conservative Trustees

A group annuity man suggests that earnings on trustee pension funds are not as high as claimed by salesmen of the trustee plans. He thinks that the portfolios of many of the trustee funds include more long term governments than suspected. Figures to which he had access, for the last 10 years, for five of the largest trustee funds, showed an average interest earning of 2.6%. This, he said, indicates that trust companies are not taking as many chances in equity investments as commonly surmised. Meanwhile the insurers, usually regarded as staid conservatives, may not look so modest when results are compared. In any event the insurers guarantee a return which no trust company will do.

Flat Pensions Area Floor

Though there are still in existence few retirement plans which provide uniform benefits for all employees, it becomes obvious that the unions have accorded such plans a permanent place in bargaining. However, the employer who feels that once a flat benefit pension has been put into effect, the pension situation has been solved forever, will be in error. The unions have established flat benefit plans as a minimum for all workers, a floor under benefits. Future negotiations will probably witness demands for additional benefits for employees whose pay or length of service is above the average. Particular stress will be placed by unions on additional benefits for length of service. Unions are generally more anxious to stress seniority than the rate of wages.

Cats, Humans In Same Boat

Cat lovers are prospects for insurance annuities, according to Milton Fisher, instructor in law at Long Island University, who spoke recently on "The Cat and the Law" before the Brooklyn-Long Island Cat Society. Leaving an annuity for the cat, he said, is much better than the usual arrangement where a cat's friend leaves a trust fund and names an administrator. The trouble is, Mr. Fisher said, that often the administrator dies before the cat, "the cat is left out in the cold," and then the cat has to go to surrogate's court.

Cats, it appears, are no better off in this connection than humans, for whom the same advice holds true.

Our Agents' Retirement Plan

How much income at 65 will the Lincoln National man receive under his Company's Retirement Plan? Suppose Mr. Agent is 33 years old when he joins the Lincoln, and 35 when he enters the plan. Assuming annual average production of \$300,000, he will have an estimated monthly income of \$263.62 at 65. This table tells the story:

Age at date of contract	Age upon entering the plan	Est. Monthly Income Beg. at 65	
		\$300,000 Ave. Annual Prod.	\$500,000 Ave. Annual Prod.
25	35	\$346.61	\$514.97
33	35	263.62	394.30
38	40	183.08	273.68
43	45	119.76	179.08

The Lincoln National's liberal retirement plan for agents is another reason for our proud claim that *LNL is geared to help its field men.*



The LINCOLN NATIONAL LIFE INSURANCE COMPANY

Fort Wayne 1, Indiana

Its Name Indicates Its Character

EDITORIAL COMMENT

Fine Precedent at Galveston

Planners for future commissioners' conventions are referred, for guidance on one highly important detail, to John L. Briggs, vice-president of Southland Life of Dallas. On the score of making available copies of committee reports Mr. Briggs far surpassed what has ever been done in the past and this was a highly valued service at the Galveston meeting of N.A.I.C.

It is a difficult task. More often than not the committee chairman whips his report into shape just a few minutes before he goes to the platform and this is frequently in the closing hours of the convention. Sometimes he will scribble it on the back of an envelope and read from that, other times he will corner a stenographer and have just an original copy run off.

When the report is delivered there is a scramble at the press table either to get what copies there are or to get the original and make some hurried notes, and at the same time industry members who are especially interested in the subject crowd around the press table to get the promise of a newspaper man for his copy when he is through with it. Various industry organizations have tried almost always in the past unsuccessfully to round up a complete set of reports and circulate these in bulletin form shortly after the convention. Very often a report that has been available only in the original form is generally available only many months later when the official proceedings are published.

Mr. Briggs, who has the reputation of doing to perfection whatever task he is assigned or undertakes, inquired at a press luncheon Sunday, as the convention was getting under way, what the newspaper men wanted in this direc-

tion and what the problems were. He was told that at least 15 copies of each report would be highly desirable but that the conventioners would devour almost any given number of the reports if they were at hand.

Whereupon he mobilized a corps of stencil cutters, etc., and turned in a masterful performance. He provided dozens of copies of every report which he was furnished or was able to collar the original, and he had them ready prior to the time that the chairman took the platform. He had them tied into sets and he got these to the press table before making them generally available. When they were open to the public so to say they vanished instantaneously. Even so there were a few reports that he could not complete because he was unable to extract the original from the chairman. Mr. Briggs, it can be added, completed the grueling week with his grin as constant and winning as usual.

This was immensely valuable and is something that ought to be done in the future without fail. These reports constitute the net of a week of deliberations. It is most unbusinesslike to have them buried for months and only snatches of them made available not only for purposes of general information but for the benefit of those immediately affected and that may be expected to take some further action in a particular field. Mr. Briggs is responsible for causing the association to graduate to a much more professional plane and every effort should be made to see not only that the same service is provided in the future but that all tardy chairmen are compelled to turn in the originals of their reports, so that a complete set can be made available.

It Doesn't Sound as Goofy as We'd Like

One thing that should never be overlooked in the intensifying struggle to promote nationalized medical care insurance is that for all its defects, the British socialized medical plan has wide adherence in England and despite some of the silly incidents that can be charged to it can be made to sound very plausible in a serious discussion.

For example, when Sir George Mad-dex, government actuary and president of the Institute of Actuaries of Great Britain, discussed the British health service program at the recent annual meeting of the Society of Actuaries at

White Sulphur Springs, W. Va., it did not sound like a visionary, outlandish type of scheme that was on the point of breaking down from sheer over-complexity. Sir George said it was unfair to consider the cost to date as indicative of the long-term cost and pointed out that the program has been dealing with unusual circumstances and, of course, a long pent-up demand for services. He conceded that there do exist in the system some minor abuses. He believes that some of these will disappear by themselves while the others will call for administrative action.

The disturbing aspect, from an American point of view, about such a talk as Sir George's is that the very fact that it was so temperate and so free from any attempt to "sell" the British system here shows the innate appeal of nationalized medical care services and indicates the intelligent,

purposeful and industrious effort that will be required in this country if a similar plan is to be stopped before it gains too much momentum.

Nationalized health insurance is a hussy of high-powered allure. It won't do to rely on mere logic to dissuade her potential victims.

PERSONAL SIDE OF THE BUSINESS

George L. Douglas, supervising auditor for the Travelers group at Los Angeles, is retiring after 31 years with the company. His whole insurance career has been with Travelers. He was honor guest at a combined Christmas party of the employees at the Los Angeles office.

Miss Matilda Mitchley, secretary to Superintendent Dineen of the New York insurance department, is bereaved by the death of her mother.

Superintendent **Robert E. Dineen** of the New York insurance department, and **Thomas C. Morrill**, deputy superintendent, flew to Puerto Rico soon after their return to New York from the commissioners' meeting in Galveston. They were scheduled to confer with insurance department officials in Puerto Rico. While there they attended the opening of the Caribe Hilton.

E. Kirk McKinney, Jr., assistant treasurer of Jefferson National Life, has been appointed to the board of Indiana state employees' retirement fund.

Emil R. Brill, a vice-president of General American Life, has been elected president of Sales Managers Bureau of the St. Louis Chamber of Commerce. **Joseph T. Peterson**, St. Louis manager of Guardian Life, is second vice-president. Mr. Brill is a director of the chamber of commerce.

Thomas H. Cannon, venerable chairman of Catholic Order of Foresters of Chicago, is confined to St. Joseph's hospital in that city. He keeps in close touch with affairs of the society, however. His age is 86.

DEATHS

Harold C. Fraser, 56, head of the information bureau of John Hancock, died at his home at Squantum. A native of Nova Scotia, Mr. Fraser moved to Boston at an early age and joined John Hancock when he was 17.

Alfred L. Carothers, assistant manager of Prudential at Erie, Pa., for 26 years, died after an illness of six months.

Oscar King, 60, manager for Gulf Life at Tampa, Fla., died in a Jacksonville hospital after a brief illness. He had been with the company for 15 years.

James J. McKinley, 59, assistant secretary of Aetna Life, died at his home in Wethersfield, Conn.

Mr. McKinley joined the Aetna 40 years ago. In 1926, he was appointed supervisor of the renewal division and later was also given supervision over

the policy dividend, transcribing and policy loan divisions. He was named assistant secretary of the life department in 1939.

George R. White, who retired in 1946 as secretary and actuary of Penn Mutual Life, died at his home at Germantown, Pa., at the age of 71. He had been in the active service of Penn Mutual 49 years at the time of his retirement. He started as a clerk in the actuarial department and became actuary in 1927. Later he held the joint title of secretary and actuary. He was squash racquet champion of Germantown Cricket Club and engaged in international competition with the cricket team of that club.

A son, **George R. White, Jr.**, is with the underwriting department of Penn Mutual.

Oscar W. King, 60, district manager of Gulf Life in Tampa, Fla., died after a brief illness. He had been with Gulf Life more than 20 years and district manager at Tampa for 15 years.

Miss Narcissa Snell, 86, who with her brother, the late N. Z. Snell, founded Midwest Life in 1906, died at Lincoln, Neb., after a long illness. She was named treasurer of the company in 1911 and became a director in 1924. She retired in 1932.

John T. Winship, 89, former Michigan commissioner, died at his home at Battle Creek.

He served two two-year terms as head of the Michigan department, 1913-16. During his period in office, much of the spade work was done toward enactment of the original Michigan insurance code, adopted in 1917. After leaving the commissioner's post he was with Equitable Society for a number of years.

Hear Talk on Business Trends

W. A. Mitchell, president of Central Trust Co., in addressing the Cincinnati chapter of C.L.U., discussed possible business trends and said he believes in life insurance as the best investment possible.

Alan B. Doran, assistant vice-president of Home Life, has been elected chairman of the northwest district Nassau county council of Boy Scouts, and thus will be in charge of activities for some 1,200 scouts.



George R. White

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May Test Small Business Loan Demand

(CONTINUED FROM PAGE 1)

few that do come in, a high percentage have already been shopped around to other lenders and turned down. Mr. Hagerty said: "I think most people would decide what they need is equity capital, as Senator Taft has indicated."

Banks Have Been Told

"We have told the banks around the country that we would be glad to have them bring us loans," he continued. "And if the banks would take 10% of the loan we would take the other 90%. They are more familiar with those small credits than we possibly could be. None are being brought to us."

Sen. O'Mahoney: Do you have such a policy?

Mr. Hagerty: We have, we would do that. As far as some of the larger loans, they have made money available to small businesses. We have made a loan to Fruehauf Trailer Co. of \$30 million. That money was to provide capital for the small truckers around the country. The Fruehauf company was in better position to judge those individual credits than we were. So indirectly we made money available in that way in a big loan to small truckers throughout the country, small and large. But going back to our desire to loan, if the local bank would take 10% of a loan and stay with it as long as we stay with it, we would be glad to do it. They do not bring them to us. I think small loans must originate locally.

Sen. O'Mahoney: I think so.

Mr. Lincoln: If the small business committee would get around and talk to Mr. Hagerty we might get somewhere.

Sen. O'Mahoney: This is really quite a forum, if the Metropolitan Life Insurance Company with its executives here is willing to say, as Mr. Hagerty has just said, to the small local bankers of the United States, "If you will take 10% of the amount of a good loan for which application is made, we will take the other 90%, provided you will stay with it and service it." Is that your proposition?

Must Meet Legal Qualifications

Mr. Hagerty: Provided the loan meets the legal qualifications we have.

Sen. O'Mahoney: Of course, provided that it meets the legal qualification, and one which you deem to be a good loan.

Mr. Lincoln: I think you have opened up a big door here because my two financial advisers say they will accept it just as you put it.

Sen. O'Mahoney: Let's get it on the record. Mr. Ecker [F. W. Ecker, financial vice-president] you are saying you will accept that?

Mr. Ecker: Yes, sir.

Sen. O'Mahoney: And Mr. Hagerty has already said it with the approval of Mr. Lincoln.

Mr. Lincoln: And the approval of Sen. O'Mahoney. I want you in it, too.

Sen. O'Mahoney: I am in it. I am promoting it.

Mr. Lincoln: All right.

Sen. O'Mahoney: Because I do sincerely believe if little business applicants have a good thing, they ought to have access to the savings of the people.

SHARE-THE-LOAN PLAN PLEASING TO BANKERS

NEW YORK—Bankers' reaction to the Metropolitan Life's offer to accept up to 90% of banks' loans to small businesses is highly favorable.

While whatever business that eventuates will be welcome, the big feature from the banks' viewpoint is that the plan should effectively deflate the agitation for another government lending agency. Bankers are fully as concerned about government competition as the life companies are.

Among those in touch with the bank viewpoint the big question is whether Metropolitan can make the plan fully

automatic, giving the bank power to bind these loans without the company's having an advance look. It is understood that Metropolitan is planning to follow this course. It is similar to the procedure frequently followed when a bank has an arrangement to accept shares of loans from a correspondent bank.

Since the typical small loan runs from as little as \$100 up to about \$25,000, it might be wondered why a bank couldn't absorb the entire loan by itself. However, banks often like to diversify their lending, preferring to take less than their theoretical maximum retention in order to keep from getting too many of their eggs in one basket.

Also, there is occasionally a gap between what a bank can take and what it is feasible for a corporation to raise through a public offering. The Metropolitan's share-the-loan plan would fit ideally into such situations.

Myrick Dinner Is Big Success

NEW YORK—The New York City Life Managers Assn. could not have picked a more popular personage to honor at its annual dinner than Julian S. Myrick, retired vice-president of Mutual Life and now assistant to the chairman of the citizens committee for the Hoover report. The occasion drew hundreds of managers and their guests, most of the latter being company executives in town for the various life organization meetings.

Harris L. Wofford, Prudential, association president, gave Clancy D. Connell, Provident Mutual, the privilege of presenting to Mr. Myrick on the association's behalf a scroll and a thermos jug for ice cubes. A long time friend of Mr. Myrick, Mr. Connell said it was superfluous to give a biographical sketch of anyone so well known as the guest of honor but he listed the various names he is known by.

His old friends and tennis companions call him "Mike," to many in the life insurance business he is "Julian," to those a little younger he is "Mr. Julian." At the Mutual Life home office he is "the senator." "But," said Mr. Connell, "when he pronounces the benediction at meetings of the New York State Life Underwriters Assn. he is known as "Father" Myrick.

This gave Mr. Connell the opening to tell of the many good things of which Mr. Myrick has been the father including the Life Managers Assn. of which he was the first president.

Mr. Connell especially stressed these admirable qualities in the guest of honor, his statesmanship, his constructive leadership, his amazing capacity for friendship and his selflessness.

In his response Mr. Myrick reminisced on outstanding occurrences in the business since he went into it in 1898. He mentioned the part the field forces played following the Armstrong investigation in getting through workable laws and then helping to make them work.

He credited the late Charles J. Edwards, general agent of Equitable Society, for having aroused his interest in organization work. He quoted Mr. Edwards as saying "one who is running an agency must put his best efforts into the organizations that protect the business if he is to get the benefits that flow from such associations."

This is just as true today as it was then, said Mr. Myrick.

Mr. Myrick touched on his work with the citizens committee saying that the adoption of the economies and greater efficiency recommended in the Hoover report would enable this country better to meet its obligations at home and abroad.

"You Materialistic Americans."

We can be proud of this epithet. It is responsible for our high standard of living . . . our abundance of the necessities as well as the luxuries of life. It can exist only where men are free to live in a competitive enterprise system . . . where incentives for personal accomplishment make work worth the doing . . . where achievement is measured only by individual initiative and the willingness to put it to work.

Life insurance, under this system, offers the individual the opportunity to acquire financial protection and security in direct proportion to his needs or desires. Some men have need for greater amounts of insurance than others. Great Southern's "Select Whole Life Policy" has been developed for those men whose situation requires substantial amounts of life insurance protection. It recognizes that larger volumes for select applicants meeting its more rigid underwriting requirements, justify lower unit costs.

GREAT SOUTHERN

Life

INSURANCE COMPANY

HOME OFFICE

HOUSTON 1, TEXAS

LIFE AGENCY CHANGES

Sikes to Succeed
McMillin at Memphis

J. Corliss Sikes has been appointed to succeed Joseph L. McMillin as manager of the Memphis agency of Mutual Life. The change is effective Jan. 1, when Mr. McMillin will resign to resume personal production, specializing in estate planning work.

Mr. Sikes, a training assistant at the home office, formerly was assistant manager at Richmond. He joined the company in 1938 at Savannah. In 1940 he transferred to Richmond, where he was advanced to assistant manager in 1946. He was training assistant last April. He is a graduate of Georgia State College for men.

Mr. McMillin has been with Mutual Life since 1933. He was at Baltimore from 1933 to 1938, when he became manager at Philadelphia. Five years later he was appointed manager at Memphis. He attended Mississippi College.



J. C. Sikes

after attending Kansas State Teachers College. Mr. Nickson has been with Prudential since 1939. For the past two years he has been an assistant manager at Kansas City, Kan.

Lincoln National Appoints
T. D. Hammond at Pasadena

T. Denton Hammond has been designated general agent in Pasadena for Lincoln National. Mr. Hammond succeeds W. H. Byers who has resigned to devote full time to personal production.

Mr. Hammond entered life insurance in Los Angeles in 1931. For 12 years he has been associate general agent with his father, W. M. Hammond, general agent in Los Angeles for Aetna Life.

Mr. Hammond has held all offices in the Los Angeles Supervisors Assn. He is a graduate of U.C.L.A.

Repp to St. Louis Post

Thomas A. Repp has been appointed group supervisor by Great-West Life for southern Illinois and eastern Missouri.

Mr. Repp joined the company in 1944 at Chicago. In 1947 he became agency assistant at the home office and the following year was named supervisor of group sales. He will make his headquarters in St. Louis.



T. A. Repp

Hodges Leaves Insurance

Ray Hodges, general agent of National Life of Vermont at Cincinnati, has resigned because of ill-health and is moving to Texas, where he is going into the hotel business. Mr. Hodges, prior

Prudential Has Extensive
Field Changes in
Mortgage Loan Department

Donald C. Hulmes, who has been with Prudential's mortgage loan operations since 1921 and who for the past 15 years has headed the regional office at Chicago, has been named to succeed George W. Palmer as regional manager of the New York office. Mr. Palmer is being assigned to the home office. The changes are effective Jan. 1.

Jesse E. Johnson, assistant manager at Dallas, has been promoted to regional manager to succeed Mr. Hulmes. Mr. Johnson has been with Prudential since 1931.

Mr. Johnson will be succeeded by Robert F. Inlow, assistant manager of the mortgage loan office at Houston. He will have the title of production manager.

Harvey B. Pruett, who had assisted Mr. Inlow as manager at Houston, has been promoted to supervising appraiser in charge of operations there.

Other promotions include those of Isaac C. Corns from supervising appraiser to resident manager at San Antonio, and Herbert Eppgrave, Jr., from supervising appraiser to resident manager at New Orleans.

The company has promoted Edward T. Carmichael from mortgage loan appraiser to supervising appraiser in charge at Miami.

Franklin Life Appoints
Wiseman Regional Manager

Jack Wiseman, general agent at St. Louis of Franklin Life for 12 years, has been promoted to regional manager in the St. Louis district, including parts of Missouri and Illinois. He will supervise agency appointments in Illinois territory adjacent to St. Louis, and in surrounding sections of Missouri.

A life insurance man of many years' experience, Mr. Wiseman represented Acacia Mutual Life at St. Louis before joining Franklin in 1936. He has set numerous sales and agency records, and on several occasions has led the entire Franklin organization.

Bankers of Iowa Appoints
McBain to Cleveland Post

John A. McBain has been appointed manager at Cleveland for Bankers Life of Iowa. Mr. McBain has been assistant general agent in Cleveland for Bankers Life of Nebraska since 1948. He succeeds G. E. Ensign, who resigned in July.

Mr. McBain entered the business in 1945 after his return from the army. After a year he joined Mutual Benefit. Mr. McBain attended Western Reserve University.



J. A. McBain

Prudential Promotes Two

Prudential has transferred Manager Karl W. Vestle from Kansas City to Davenport and has appointed Everett S. Nickson as his successor. Mr. Vestle replaces Oscar E. Hanson, who is on sick leave.

Mr. Vestle joined Prudential in 1933

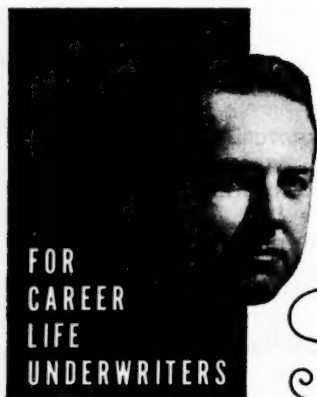
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**PAN-AMERICAN
LIFE INSURANCE CO.**

NEW ORLEANS, U. S. A.

to his appointment earlier this year by National Life, was agency vice-president of Ohio National and was Cincinnati manager of that company for a number of years. He was at one time secretary of National Assn. of Life Underwriters.

Republic National Names Shedd Dallas Manager

Republic National Life has appointed Charles E. Shedd manager at Dallas. Mr. Shedd has previously served as agent, general agent, manager, vice-president and agency supervisor. He joined Republic National in 1946 as assistant director of agencies, later becoming director of agency training, then director of accident and health sales.

Mutual Trust Names Frerichs Manager at Davenport

Alvin D. Frerichs has been appointed manager of the Davenport, Ia., agency of Mutual Trust Life. His territory comprises four counties in Iowa and three in Illinois. Mr. Frerichs for 3½ years has been an agent at Davenport for Provident Mutual.

Hoskins to San Jose

Leonard P. Hoskins has been placed in charge of Prudential's agency activities at San Jose, Cal., and vicinity. He attended Northwestern university and joined Prudential as an agent in San Francisco less than a year ago. Before that he was an instructor at Alexander Hamilton Institute, San Francisco.

Metropolitan Raises Hack

Metropolitan has promoted Morris B. Hack to assistant manager of the Claremont district in Baltimore. Mr. Hack started with the company in 1933 and built up \$320 weekly and \$1,500 monthly ordinary debits, paying for one-half million dollars in ordinary a year for three years. He is a director of the Baltimore C.L.U.

Name Seger at Weimar, Tex.

Ohio National Life has named Henry J. Seger, formerly an agent at Weimar, Tex., as general agent for Weimar and Hallettsville.

He was in life insurance work several years ago and joined Ohio National last December. Just before that he had been in the wholesale grocery business.

Great-West Reassigns Reed

Ernest H. Reed has been appointed manager for Great-West Life at Fort William, Ont. He succeeds J. H. F. Carver, who has resigned to return to personal production. Mr. Reed, who has been with Great-West Life for 20 years, has been a manager at Toronto.

Gets Continental Assurance

The N. O. Neiburger agency, Lafayette, Ind., has been appointed general agent of Continental Assurance. Ray G. Peterson has been named department manager.

Makes Dothan Appointments

Pan-American Life has appointed Otis E. Byrd general agent at Dothan, Ala., and J. Harvey Etheridge associate general agent. Both have been superintendents with a southern industrial company.

J. Alfred Chelgren will be promoted by Mutual Trust Life effective Jan. 1, from supervisor to district manager at St. Peter, Minn.

American United Life has been admitted to membership in Life Insurers Conference.

ACCIDENT AND HEALTH

Record Attendance Marks Oklahoma Sales Congress

A banner attendance marked the sales congress of A. & H. Assn. of Oklahoma at Oklahoma City with a greater representation from over the state than in any previous year. Recent changes in policies were generally approved, based on the belief that companies are getting more in line with what has the strongest appeal to the public.

Among the key speakers were Stewart Harrol, head of the publications department of the University of Oklahoma, on "Are People Predictable?" Carl A. Ernst, North American Life & Casualty, St. Paul, International association treasurer, who gave a comprehensive discussion of the "Four S's" in selling, and O. K. Johnson, Albuquerque, N. M., who gave convincing reasons why accident and health is a primary factor in the insurance picture.

Supplementing an innovation in which leading producers of various companies were introduced, Clifford McDonald,

To Boycott Blue Cross on Osteopathic Hospital Issue

ST. LOUIS—If Blue Cross will not pay members' bills in an osteopathic hospital, organized labor groups of the St. Louis area will seek another organization to provide such protection, leaders of both AFL and CIO unions here have declared.

The issue came into the open at a meeting of the AFL Central Trades & Labor Union which approved a committee report favoring an immediate showdown with Blue Cross on the osteopathic hospital issue, which was first raised by labor unions last May.

John I. Rollings, secretary of Central

agency supervisor of Insur-O-Medic Life, Dallas, reviewed various methods of building volume; and Eugene D. Boisabain, A. & H. supervisor of General American Life, St. Louis, presented plans for "Programming Accident and Sickness Insurance."

President Floyd Maytubby, Occidental Life, was in charge.

Trades & Labor Union, reported that some 300 Blue Cross members who are either members of AFL unions or in the workers' families have been treated at the Normandy Osteopathic Hospital but Blue Cross has held up payment of their bills.

Dr. Youngdahl Is Speaker

The December meeting of Minneapolis Assn. of A. & H. Underwriters featured Dr. Reuben K. Youngdahl, a brother of Governor Youngdahl of Minnesota, who presented his objections to socialized medicine, speaking on "How Big Are You?"

A resolution opposing compulsory health insurance, addressed to Minnesota's senators and congressmen, was unanimously adopted.

New L. A. Disability Insurer

Independence Insurance Co., a new insurer being organized in Los Angeles, has been granted a permit to sell 10,000 shares of capital stock, par value \$10, at \$20, to net the company \$200,000, of which \$100,000 is to be capital and \$100,000 surplus. The permit issued by Commissioner Downey provides there shall be no organization cost in the sale

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Like growing corn, pumpkins, and beans in the same soil — Provident Producers sell the three types of personal protection at the same time — to the same prospects!

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* All written on Group Plans (minimum of 25 employees) and on special forms designed for Railroad Employees.



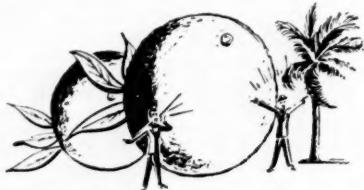
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LIFE INSURANCE PEOPLE

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*Real World Peace will come only when men
as individuals have peace of mind. By helping men
to obtain for themselves the peace of mind
which life insurance offers, you are doing
your part toward making Peace on Earth a reality.*



of the stock. The new company plans to write only disability insurance. President is Leon W. Delbridge, San Marino, Cal.; vice-president, P. J. Rowell, Santa Monica; secretary, C. M. Linton, Pasadena, and treasurer, William T. Tailby, Los Angeles. Mr. Tailby is Los Angeles manager for Imperial Life of Canada.

Panel Session at Buffalo

Buffalo Assn. of A. & H. Underwriters at its December luncheon meeting featured a panel session on "How to Meet Objections—Stump the Experts," with Harlan M. Walker, manager of Travelers, as moderator. He was assisted by John C. Russell, Union Mutual Life; Thomas H. Perry, Mutual Benefit H. & A.; David Clanow, Paul Revere Life, and Joseph Greenstone, Continental Casualty.

Membership of the association had been canvassed for questions. They were answered by the panel of experts who had no previous preparation on them.

At the next luncheon, Jan. 9, Charles E. Rea of Toronto, member of the International association executive board, will speak on, "How We Do It in Canada."

Tenn. Medics O.K. Blue Shield

CHATTANOOGA — An agreement has been reached between Tennessee Medical Assn. and Tennessee Hospital Service Assn., operator of the Blue Shield plan, permitting Blue Shield to write the surgical and obstetrical policies offered by Medical Assn. in co-operation with private insurers. Its plan is limited to families with incomes of not more than \$3,600 and individuals with incomes of \$2,400 or less.

Delaware Companies Merge

Family Mutual Life of Wilmington, Del., has been taken over by North American Mutual of that city.

COMPANY MEN

R. J. Learson to High Mutual Life Selection Post

Richard J. Learson, vice-president and actuary of Western & Southern Life since 1943, has resigned to become associate manager of selection for Mutual Life.

Mr. Learson joined Western & Southern in 1931, as assistant actuary. He was advanced to associate actuary in 1934 and to actuary in 1936. Seven years later he was promoted to his present post as vice-president and actuary.

Mr. Learson, a native of Boston, graduated from Harvard in 1926 and then joined John Hancock Mutual Life as an actuarial clerk and had advanced to chief clerk when he left to go with Western & Southern.

He is a member of Society of Actuaries and was a member of the joint actuarial committee which prepared in 1946 actuarial tables for industrial insurance required by the life insurance industry. His professional interests have included work in the selection of risks and in agency expense analysis.

Prudential Promotes Yount

Lewis C. Yount has been promoted to associate regional manager in Prudential's western home office at Los Angeles. He has been assistant man-

ager of the Seattle agency in charge of the Tacoma and Olympia area. He joined Prudential as an agent in 1946 in Seattle and became assistant manager in 1947.

In his new capacity, Mr. Yount will assist Donald O. Cramer, regional manager, in the administration of agency functions in the 11 western states and Hawaii.

Belknap Continental Assurance V.P.

Continental Assurance has elected Raymond H. Belknap as vice-president.

Mr. Belknap has been executive assistant for the company since last summer. Prior to that, he had been with Occidental Life of California for many years, most recently as director of agencies.

Ellis P. Schmidt also has been elected vice-president of both Continental Assurance and Continental Casualty.

Mr. Schmidt has headed Pacific Coast operations of the group as resident vice-president.



R. H. Belknap

Life of Virginia Names Henley Claim Division Head

J. Turner Henley, assistant secretary and formerly assistant manager of the claim division of Life of Virginia, has been named manager of that division. Entering the company's service in 1931, Mr. Henley has been continuously identified with claim work.

He succeeds Reginald Reith, assistant vice-president, who was retired Nov. 30 after completing a half-century at the home office.

Mutual Life Promotes Four on Home Office Staff

Four members of the home office staff have been advanced, effective Jan. 1, by Mutual Life. Morris Monsky and Charles F. B. Richardson, assistant actuaries, have been promoted to associate actuaries. Winfield G. Saunders, attorney, has been advanced to assistant counsel, and Manley F. Littlefield, Jr., supervising underwriter, has been appointed assistant supervisor of risks.

Mr. Monsky joined Mutual Life in 1925 and has been an assistant actuary since 1941. He is a member of the American Mathematical Society and is a fellow of Society of Actuaries.

Mr. Richardson joined the company in 1942 as an assistant actuary. He resigned in 1946 to do pension consulting work, and rejoined the company in his former position in 1947. He is a fellow of the Society of Actuaries.

Mr. Littlefield joined the company in 1931 as a clerk. He was named assistant statistician in 1941, and has been supervising underwriter in the selection department since 1946.

Mr. Saunders has been an attorney for Mutual Life since 1931.

T. A. Bradshaw on Board

Vice-President and General Counsel Thomas A. Bradshaw of Provident Mutual Life has been elected to the board of directors. He is a graduate of both the undergraduate and law schools of University of Colorado and went with Provident in 1930. He was made an



R. J. Learson



J. Turner Henley

officer with the title of law assistant in 1934, assistant counsel in 1938, counsel in 1942, general counsel in 1945, and was elected to his present position in 1948.

Equitable Society Creates Construction Mgr. Post

Henry M. Schley, recently resigned as comptroller of Columbia University, has been appointed to the new post of construction manager of Equitable Society. Mr. Schley will coordinate the commercial development planned by Equitable for downtown Pittsburgh.

While at Columbia, Mr. Schley had overall supervision of buildings and grounds, architecture and construction, maintenance and repairs, care of residence and dining halls, and purchasing. Prior to this, Mr. Schley was connected with Rockefeller Center for 11 years as construction manager. Mr. Schley graduated in architecture from M.I.T. in 1922.

Phoenix Promotes Dunlap

Phoenix Mutual has appointed Glendon J. Dunlap statistician at the home office. He will be in charge of the recently established reports division, including statistical, control, and clearance units. Mr. Dunlap joined Phoenix in 1932 after graduating from the University of Pennsylvania.

Van Keegan Is Promoted

Charles Van Keegan has been promoted by Equitable Society from agency

assistant to assistant to the agency vice-president. He joined the company's group department in the administration division in 1927 and in 1930 was placed in charge of the group proposal section. He has been agency assistant for three years.

ASSOCIATIONS

Schedule Completed for Southern California Caravan

LOS ANGELES—The southern California caravan has completed its schedule with a final meeting with the northern California caravan in San Francisco at the close of the visitations. The schedule is: Bakersfield, Jan. 6; Pasadena, Jan. 19; Long Beach, Feb. 15; San Bernardino, Feb. 17; Burbank, March 17; San Diego, March 22; Santa Barbara, April 21; Santa Ana, May 12; Culver City, May 24.

The caravan is jointly sponsored by the Life Underwriters Assn. of Los Angeles and California association. The committee in charge is composed of Robert E. Cecil, West Coast Life, chairman; Charles P. Houseman, Manhattan Life; Robert Ogden, Occidental Life; Jack Howell and William Klove. Coordination of caravan work is being handled by Russell L. Hoghe, Equitable Life of Iowa, Los Angeles, president of the California association, and Fred A. McMaster, Prudential, president of the Los Angeles association.

List S. F. Congress Speakers

V. Webner Wiedemann, general agent of Equitable Life of Iowa at San Francisco, chairman of the program committee for the northern California sales congress Jan. 19, has announced that among the speakers booked are Grant Taggart, California-Western States, Cowley, Wyo., former president of N.A.L.U.; R. Edwin Wood, Phoenix Mutual Life, San Francisco; Margaret Divver, advertising manager of John Hancock, and Frank E. Marsh, executive vice-president of San Francisco Bay Area Council.

The congress, for which Ray Deston, John Hancock, is general chairman, is sponsored annually by San Francisco Life Underwriters Assn.

Russell B. Knapp, associate general agent of the Youngman agency of Mutual Benefit Life, has been appointed chairman of the Jan. 20 educational meeting of the New York City Life Underwriters Assn. The program will include three other speakers and is entitled "Sell Something Simple."

Pittsburgh—Robert B. Jameson, agent for Penn Mutual Life at Wooster, O., discussed organization for life insurance selling.

St. Louis City, Mo.—A. M. Caines, president of the Iowa association, spoke on "If You Are Doing What Comes Naturally, You Are Doing It Wrong." His presentation of the life insurance business was somewhat unusual.

More reports were made concerning the showing of the Institute of Life Insurance film, "For Some Must Watch," for which there are many demands.

Philadelphia—Judd C. Benson, general agent for Union Central Life at Cincinnati and president of National Assn. of Life Underwriters, at the Dec. 16 meeting will discuss "Life Insurance Builds Character."

Hartford—Charles J. Zimmerman, associate managing director of L.I.A.M.A., spoke at the Dec. 9 meeting.

San Francisco—Dr. Robert E. Burns, president of the College of the Pacific, spoke at the Dec. 15 luncheon meeting.

Oakland-East Bay—Harry N. Lyon, general agent of Fidelity Mutual Life at San Francisco, speaks Dec. 16 on present socialistic trends. His title is "What's Going On."

Battle Creek, Mich.—President Edgar H. Gould discussed the forthcoming NSLI dividend rebate. He pointed out that private life carriers have distributed \$4 billion in dividends during the eight

years when NSLI dividends have reached an accumulation of \$2,800,000,000. He stressed the extent of governmental subsidization of the insurance program.

Wendell Dygert, Angola, Ind., spoke on business life coverage.

Buffalo—Clancy D. Connell, general agent of Provident Mutual Life, New York City, spoke.

East Florida—R. A. Patrick, Jr., general agent for Pan-American Life at Lakeland and president of the Florida association, spoke.

Toledo—Speaker at the Dec. 14 meeting was Glenn W. Isgrig, Cincinnati

manager for Reliance Life. His subject was "Let's Put on a Good Show." Following Mr. Isgrig's talk there was a discussion of the NSLI dividends.

New Bedford, Mass.—Clarence G. Verdi, district manager of Prudential, addressed the Dec. 14 meeting on "NSLI Dividends."

Wichita—A Christmas party was held with the program including choral presentations.

Baltimore—T. H. Neville, superintendent of agencies of Manufacturers Life, likened prospecting to a bank account. In order to draw from the account, pros-



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Unity agents are equipped to serve every need for personal insurance. Juvenile policies our specialty.

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HOME OFFICE — SYRACUSE, N. Y.

pects must be put in. Framed certificates were presented to 10 agencies that enrolled 100% during the past year. There was \$300 contributed to the Christmas offering for underprivileged children.

Cincinnati—C. Milton Sherman, Great-West Life, Toledo, will speak Dec. 16 on "Oblivious of the Obvious."

LaSalle, Ill.—The Illinois Valley Assn. heard Carl T. Matthews, Mutual Trust Life, describe at a luncheon the relationship of the home office and the field. Mr. Matthews is an agent who was formerly in the home office of his company.

Binghamton, N. Y.—Prof. Arthur Claydon, instructor in economics and business administration departments at Triple Cities College, will talk at the December meeting on "The Life Insurance Agent Looks Ahead; His Outlook for 1950?"

Kalamazoo, Mich.—Raleigh R. Stotz, Grand Rapids general agent of Mutual Benefit Life, addressed the first ladies' night program on "The Power Behind the Throne." He extolled the place of wives and families in the working program of the life insurance producer.

Detroit—B. N. Woodson, executive vice-president of State Life of Indiana, is speaking Friday at a breakfast meeting. His talk is titled "It Seems to Me."

Los Angeles—The southern California sales congress will be held March 21. Heading the committee in charge is Charles P. Houseman, Manhattan Life.

Columbus, O.—The movie "For Some Must Watch" will be shown at the meeting Dec. 16.

Topeka—The Saturday breakfast meeting will be held Dec. 17 with Edward

Crans, Charles Bray, Dean Kirk, Harry Demicki, John Spencer and Herb Langsdorf comprising a panel which will discuss programming.

Eau Claire, Wis.—Current problems of life insurance were discussed by Jean Chapman, Earl Lewis and Archie V. Hurst at a dinner meeting of the Chippewa Valley association. A round table discussion followed. The past presidents will be hosts to members and unaffiliated life agents at a Christmas party Dec. 16.

Quincy, Ill.—The group was host to small boys at a Christmas party. Frank Bettisworth, Prudential, was in charge.

Manitowoc, Wis.—Heads of local grade and high schools were guests at a dinner meeting. The latest Institute of Life Insurance movies were shown.

Washington—President Judd Benson of N.A.L.U. will speak Jan. 12. Membership is now 419 and the 1950 goal is 500. F. McKey Smith, manager of Jefferson Standard, introduced the principal speaker, Ralph G. Boshier, district manager of that company at Virginia Beach.

Springfield, Ill.—Harold A. Meyer, district manager for John Hancock, discussed "Revitalize Your Prospecting" at a luncheon meeting Dec. 15.

San Antonio—Bernard D. Lamoureux, Prudential, spoke on "The Importance of the Industrial Agent in the Life Insurance Business."

Mr. Lamoureux declared that industrial agents are not the stepcousins or poor relations of the ordinary agents. He cited as evidence that 85% of the policies bought from his company are sold by industrial agents, who are trained to be as adequate insurance salesmen as those who devote their entire time to selling ordinary insurance.

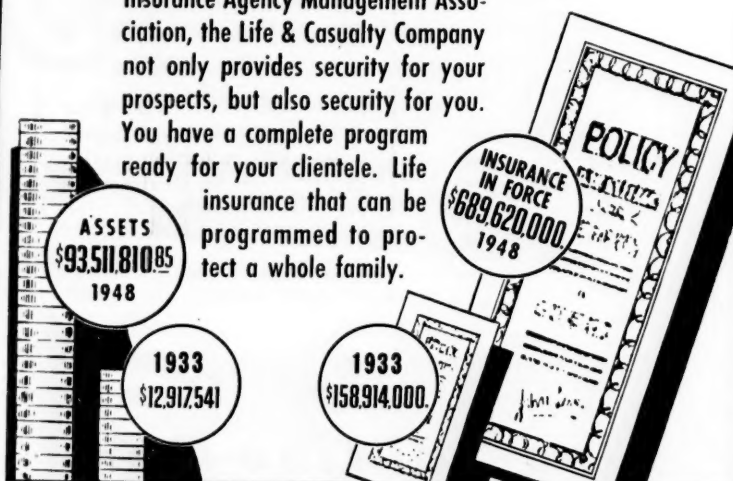
Louisville—Dr. Thomas D. Clark, professor of history at University of Kentucky, spoke on "Looking at Kentucky's Future from the Prospective View."

Chicago—The second session of the 1950 Saturday Morning Forums will be held Feb. 11. Speakers will be Francis W. Morley, Jr., Northwestern Mutual, on "Think and Grow Rich;" Walter N. Hiller, Penn Mutual, "Motivation With the Budget Rule;" and Glenn W. Isgrig, manager Reliance Life, Cincinnati, "Let's Put on a Good Show." Philip V. Boyle, assistant manager of Metropolitan, will preside.

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COMPANIES

New Loan Plan Accounts for Additional \$27 Million

The new mortgage loan procurement procedure of Massachusetts Mutual Life has accounted for more than \$27 million of new commitments in the first nine months of this year, in addition to new business from all other sources. Commitments for new loans outstanding Sept. 30 were \$67,358,197.

Mortgage loans held on that date amounted to \$201,725,836, a nine months increase of \$45,845,670, with an average yield of 3.96%, compared with 3.92% a year ago. New commitments show an average interest rate of 4.1391%.

Massachusetts Mutual has appointed real estate and mortgage loan firms in key cities as loan correspondents. These supplement the procuring of mortgage loans through company operated field offices.

Declares Extra Dividend

Southwestern Life voted an extra dividend of 20 cents per share payable Dec. 15 to stockholders of record on Dec. 12. The extra dividend, added to the regular 40-cent quarterly payments, brings 1949 dividend payments to \$1.80.

Move Into New Home Office

Guarantee Reserve Life has moved into its newly built home office at 323 South College street, Fort Collins, Col. The concrete, glass brick and terra cotta structure was arranged so that two additional stories may be added and another unit built to the rear.

"Happy Childhood," portrayed in six paintings by artists noted for their studies of child life, is the theme of

New York Life's home calendars for 1950. A large, single sheet calendar featuring a colorful painting of the Jefferson Memorial is being distributed for office use.

November Sets Record

November business of Massachusetts Protective and Paul Revere Life set a 1949 monthly production high. Business for the period constituted a testimonial campaign to Edward R. Hodgkins, newly elected vice-president and manager of agencies.

The entire block front on the east side of Second avenue, between 65th and 66th streets in New York City has been acquired by **New York Life** and will be improved with a commercial building. The company is now building Manhattan House, a 20-story apartment building on the block opposite, between Second and Third avenues.

MANAGERS

Group Men Seek Closer Relations with Other Assns.

Group Life Managers Assn. of Los Angeles has named a committee to develop better relations with Life Insurance Managers Assn. and Life Underwriters Assn. of Los Angeles, Merchants & Manufacturers Assn., California State Chamber of Commerce, Los Angeles Chamber of Commerce, and brokers associations with regard to group insurance.

A meeting will be held early in January, with Herbert Woodland of Continental Casualty as chairman and with officials of Blue Cross and the Blue Shield invited to be present, and another Feb. 6 with Thomas Cudmore of Pacific Mutual as chairman and with the subject for discussion being "Outline and Analysis of Negotiated Plans, Including Ford Motor Co., Bethlehem Steel and U. S. Steel."

Syracuse Managers Elect

Harry G. Remington, Mutual Life, was elected president of General Agents and Managers Assn. of Syracuse. Other officers are Frederick Wright, Penn Mutual Life, vice-president; Douglass N. Ellis, Massachusetts Mutual Life, treasurer; James H. Summers, Prudential, secretary.

Hugh Bell, Equitable of Iowa, addressed a luncheon of the **Seattle Life Managers Assn.**

The **Buffalo Life Managers Assn.** is holding a management round table at a luncheon on Dec. 20. Peter T. Allen, Northwestern Mutual, will be discussion leader.

RECORDS

New business produced by **Great-West Life** passed the \$202 million mark at the end of November, establishing an 11-month total substantially in excess of the entire 1948 production. November production, \$24½ million of new business, was an all-time high for that month.

The field force of **Manhattan Life** submitted business of \$6,702,772 in November, traditionally known as Edmondson Month in honor of agency vice-president Vincent W. Edmondson, exceeding the quota by nearly 12%.

Winners of sales awards were announced at dinners held simultaneously at New York City and Los Angeles. Henry Ginsberg, Ranni agency, New York City, submitted the greatest volume. T. Lucille Salisbury, Campbell & Demarest agency, New York City, was high for number of lives. General agents' awards went to Richard M. Grosten, Los Angeles; Grover C. Simpson, Chicago; James G. Ranni, New York City, and Max Harmelin, Newark.

N.A.I.C. Convention Closes With Flourish

(CONTINUED FROM PAGE 3)

procession of committee reports to be acted upon.

In connection with the report of the laws and legislation committee on the question of uniform non-resident brokers and agents licensing law, there was some discussion as to whether the first goal should be to achieve a uniform resident agent and broker licensing situation before tackling the interstate question. The laws and legislation committee, headed by Butler of Texas, referred to the report of the subcommittee on uniform non-resident laws which had been presented by T. J. Guilfoil, chief counsel of the Missouri department.

The subcommittee found that a uniform bill appears to be too inflexible to be used with success because of the great differences existing between the statutes and constitutions of the various states. The subcommittee also contended that the licensing of non-residents is related to and dependent on the licensing of resident agents. With no uniformity in the latter field, uniformity for non-resident agents meets with almost insurmountable difficulties, according to the subcommittee.

Hallett Endorses Stand

The subcommittee had been commended by James B. Hallett, representing National Assn. of Life Underwriters for its conclusion since it is his opinion that working out a model non-resident bill first would be putting the cart before the horse. Mr. Hallett also argued that the non-resident problem would be automatically taken care of if the uniform resident bill were adopted.

On motion of Taylor of Oregon that further study be made of the subject, using the subcommittee's report as a basis, a subcommittee was appointed consisting of Knowlton of New Hamp-

shire as chairman; Cravey of Georgia and Leggett of Missouri with Mr. Hallett, Frank Wagner of the Connecticut department and Mr. Guilfoil to work with the subcommittee.

When the report was presented, Forbes of Michigan, the president, insisted that a uniform agent's licensing law is vital. Now that insurance is interstate commerce, the existence of unreasonable barriers between the states is one of the best arguments that there is for federal regulation.

Harrington of Massachusetts expressed disagreement on the theory that to approach the non-resident problem first is to put the cart before the horse. He contended that the interstate problem can be solved first.

The laws and legislation committee also alluded to the request of Commissioner Harris of Minnesota that there be drafted a uniform deposit law and regulations under which deposits made or held would be for the protection of all policyholders of a company. It was decided to appoint a subcommittee to make a study of the matter and report next June. Harris is chairman and the other members are Cheek of North Carolina and Taylor of Oregon.

Four Day Conventions

It was decided on recommendation of the executive committee that the conventions hereafter shall run four days instead of three so as to eliminate the necessity for holding conflicting meetings of various committees. That is, the conventions will run Monday through Thursday, but as usual the executive committee will meet on Sunday and no doubt there will be committee meetings on the preceding Saturday and even Friday, according to the custom that has developed in recent years.

Georges Lafrance, Quebec superintendent, made a gracious appearance in telling about the plans for the June convention at Chateau Frontenac at Quebec. He urged all who plan to attend to get their reservations in just as early as possible. There were several Canadians on hand at Galveston with Quebec literature and they were signing up a great many for the June convention. Among other things, Mr. Lafrance said that the prime minister of Quebec will be the speaker at the dinner and this will be an occasion calling for formal dress.

The resolutions that had been adopted by zone 4 at the recent meeting in Milwaukee, frowning on the financing of reinsurance transactions by premium certificates and recommending that the approval of all states in which the companies involved operate be secured in connection with company reinsurances, were not presented at the Galveston convention. It is reported that the situation that prompted these resolutions is in process of being worked out.

New Committee Set Up

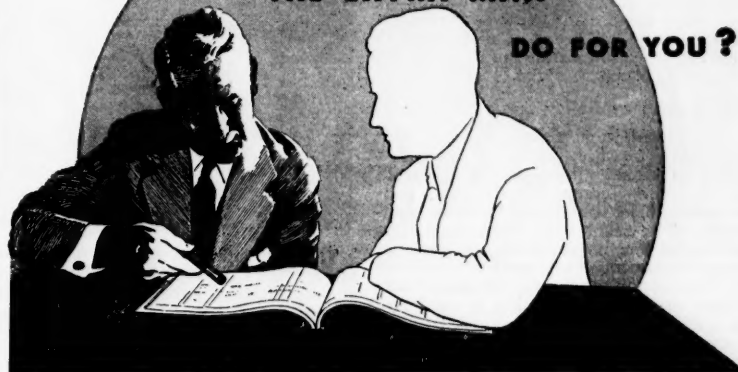
On recommendation of the executive committee there was set up a committee to study measures that may be initiated by N.A.I.C. to make state regulation more adequate. Such study shall include the question of interstate compact, a matter that has been advanced by Stone of Nebraska, and the question of processing annual statements of insurance companies through a central audit office, as advocated by Bowles of Virginia. The committee consists of Stone as chairman; Bowles, vice-chairman; Dineen, New York; Martin, Louisiana; Harrington of Massachusetts and Sullivan, Washington.

Numerous and lengthy meetings and conferences were held during the week on the revision of the A. & H. standard provisions bill. At the end, changes were agreed upon and copies of the new draft are to be made and circulated by Health & Accident Underwriters Conference. It is the plan to take final action next June. One of the important

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changes agreed to tentatively was that the entire contract shall be set forth in 10 point type. The previous draft had provided for capitalizing exceptions in the policy. The A. & H. committee headed by Knowlton of New Hampshire reported to the convention that the new draft had been approved in principle and all areas of disagreement between the committee and A. & H. people had been resolved.

Dread Disease Policy Issue

The committee report contained a resolution on the matter of so-called dread diseases policies. W. Harold Bittel, New Jersey actuary, had submitted a brief objecting to these contracts. The resolution expressed recognition for the urgent need for development of coverage for unusual expenses in connection with all diseases and stated that experimentation is necessary to obtain the experience required to underwrite such benefits on a sound basis. However, the committee is disturbed by the manner in which some companies have been experimenting along these lines and feels that any state having the necessary powers is justified in taking the steps which it deems necessary to control the objectionable features of this situation through the disapproval of present policy forms. The committee recommends that those states that may feel that present policies do not meet their statutory requirements give careful consideration to future developments along these lines so as not to hamper unduly the development of the necessary experience. The committee states it will watch with interest the steps the industry takes to develop forms of coverage which will not contain the features to which some states have objected, and yet will produce the necessary



Two newcomers in the insurance supervisory ranks at Galveston N.A.I.C. convention—Robert Crichton, West Virginia commissioner, left, and Waldo C. Cheek, North Carolina commissioner.

experience in a satisfactory form.

It was decided to postpone action on the suggestion of Alfred Bohlinger, New York deputy, that a subcommittee be named to study the problems of the departments and companies in connection with the approval of policy forms. This matter will be taken up next June.

Berge Offered Place

The report of the committee on unauthorized insurance was adopted. This contained an invitation to Assn. of Insurance Advertisers to become a participating member of the All-Industry committee. Earlier in the week, Wendell Berge, counsel for that association, had requested that a special committee be constituted from direct selling insur-

ers and to be recognized as an advisory committee of N.A.I.C.

The blanks committee, headed by Robinson of Ohio, reported that the work has just about been completed by the commissioners' group on the multiple line blank for fire and casualty insurance and that this will soon be distributed to the industry for criticism. Also, work has just about been completed on the proposed new life blank and this will soon be ready for circulation among the companies.

The life committee, headed by Harrington of Massachusetts, reported that a subcommittee has been created to study questions raised by the voluntary strengthening of policy reserves by life companies. The subcommittee consists of Harris of Minnesota, chairman, Stone of Nebraska and Dineen of New York.

At a meeting of the examinations committee Albert Burger of Minnesota in behalf of Zone 4, recommended that there be disclosure in all convention examination reports of the salaries of officers and directors.

The liaison committee with federal trade commission in its report said it would be helpful to receive any reports concerning any investigations now being made by examiners of FTC in their respective jurisdictions. It was understood that some of the companies have been receiving visitations from FTC people lately. The suggestion for making reports of such visits was given by E. A. Meyers of the Chicago law firm of Ekern, Meyers & Matthias at the committee meeting. The committee said at its meeting at Galveston, reference was made to a possible meeting of the liaison committee at Washington at an early date, and especially should a conference be called further to consider rules pertaining to automobile and finance insurance. The committee said it should maintain its cooperative attitude with FTC in every respect and at the same time "we are mindful of our individual responsibility as commissioners in the supervision of the business on the state level."

Kansas Leaders Elect Shank

Kansas Leaders Round Table held its annual meeting at Wichita, naming Albert Shank, New York Life, Liberal, as chairman. Herbert Langsdorf, New England Mutual, Topeka, is vice-chairman and Elmer Moore, New York Life, Wichita, is secretary.

Speakers included Dr. Kenneth McFarland, Topeka superintendent of schools; Vaughn A. Kimball, New York Life, Dodge City; Elmer Henry, Victory Life, Dodge City, and Milton Zacharias, Wichita attorney. A semi-annual meeting will be held in connection with the annual meeting and sales congress of Kansas Assn. of Life Underwriters next May.

Boston Mutual Scale Same

Boston Mutual Life will continue for 1950 the same scale of dividends paid in 1949. Second year ordinary policyholders will receive dividends for the first time on a new scale. The total amount set aside for dividends to be paid next year is \$10,000.

New C.L.U. Brochure

"Fundamentals of Life Insurance Settlement Options" by David McCahan, another in a series of brochures of American College of Life Underwriters, has been published for use with the C.L.U. study supplement. Mr. McCahan is dean of the American College. Copies are available from the educational department of the American College.

Life Men Win Sales Award

John S. White, National Life of Vermont, was among a group of salesmen who have received the distinguished sales award given by Memphis Sales Managers Club for five consecutive years. Ewing Carruthers, Massachusetts Mutual, a 1948 award winner, repeated



A. J. Bohlinger, New York deputy, and Alexander Query of Prudential at Galveston convention of N.A.I.C.

and Mrs. Lillian Rhea, American Hospital & Life, was one of two women salesmen appearing on the list of 1949 winners. Morris A. Cobb, Reliance Life, and Lester A. Rosen, Union Central Life, were winners for the first time in 1949.

Three New Training Plans Tested by Prudential with New Debit Agents

Prudential has started a new program designed to find the best way to train its new debit agents. The questions the company wants answered are: Is it better for the agent to receive all of his training from the men with whom he will be working? Should he be brought to a school and given his initial training by men who specialize in their work? Would he get more by attending a school after he has a grasp of the fundamentals of the business a few months after his appointment?

The training material used in all plans is the same, the only difference being in the method of presentation. The plans will be tested against each other. They were inaugurated last month.

Under plan one a new agent before starting on a debit will go to a training center either in Newark or Chicago and remain there for a week and a half before returning to the district office. The balance of the second week will be spent with the assistant district manager and thereafter his training will continue according to a fixed schedule.

Plan two will require the new agent to spend one week of training in the district office before going on the debit. After this he continues study assignments under the district manager and a few months later he is taught to use the company's dollar guide sales approach. Then he will be sent to a training center for one week of post debit instruction and more advanced study.

Under plan three the new agent will get the same training as under plan two but will not attend a training center. The material covered in the training center will be included in his studies during his first year in the business.

The company expects that it will take about two years or more to reach a final evaluation of the three plans.

To Honor Late President

Arnold Basswood Club, a group of more than 100 members of Northwestern National Life's field force who attended the annual fishing parties given for many years by the late president, O. J. Arnold, is planning a memorial in his honor in the form of a bronze tablet with a bas relief profile likeness of Mr. Arnold and an appropriate inscription.

Trust Council Hears Banker

David T. Pyne, vice-president and trust officer of First Bank & Trust Co., Utica, addressed Life Insurance & Trust Council of Eastern New York at Albany.

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Investment Data to O'Mahoney Group

(CONTINUED FROM PAGE 2)

has sold government bonds and invested in private business where the difference in return is sufficient to offset the increased risk.

He reported that New York Life has 140 loan correspondents throughout the country who send in loan applications, many of which are not satisfactory. By New York law such loans must be handled by the company's finance committee.

The company listed 1,278 mortgage loans on commercial real estate, the lowest being \$25,000. The witness indicated that state regulations have too much detail with respect to preferred stock. He saw no objection to removal of restrictions in New York State on common stock investments, in fact recommended their removal.

He expressed fear that life companies investing in common stock might be charged with taking over management of borrowing companies, but added that "you can't waive rights inherent in ownership" of such stock.

O'Mahoney brought out that New York Life took \$50 million of a \$250 million Shell Caribbean oil loan. Mr. Josephs reported that the most important part of the collateral involved is in the Shell Co. in this country. He also referred to an interest in an Arabian pipeline. However, he explained that most life company funds are invested with domestic borrowers, except in the case of government and Canadian bonds. He indicated a belief that accumulations of insurance funds will not be sufficient to meet the legitimate demands of private capital, the tendency of that situation resulting in sale of government bonds.

Taxes Discourage Equity Capital

Asked for suggestions to promote the opening for equity capital, the witness said the tax situation discourages equity capital, referring to the forms as double taxation, but would not go along with a suggestion that corporations be tax-free and the full tax burden be loaded onto the individual. He suggested changes in tax laws might make common stocks more attractive.

Mr. Josephs stated in reply to a question that he would not say that he would favor increase in interest rates at present. Counsel Scoll brought out that the company's investment in various classes are below statutory limitations. Mr. Josephs said that 20 or 30 years ago very few government bonds were held by insurance companies. He said there is no relationship between the maturity of his company's investments and the maturity of its contracts.

O'Mahoney brought out that certain loans listed by New York Life in small amounts were parts of larger loans in which it participated.

"Has your company considered pro-

viding policyholders with some sort of dollar parity in an inflationary period?" asked Scoll.

"No," replied Mr. Josephs. "I do not think there is any legal escape from the effects of inflation for any group of people."

Discussing "lease-back" arrangements entered into by his company, the witness said a merchandising company, for instance, may sell its plant in order to raise capital, and then rent back from the life insurance company. Mr. Josephs indicated that such arrangements have been satisfactory from a return standpoint, and there might be some slight tax advantage.

Details Mortgage Loans

Joseph M. Bryan, first vice-president of Jefferson Standard Life, detailed the mortgage loans made by his company, amounting to a total of \$101 million at the close of 1948, or 46% of admitted assets. Approximately 84% were in original amounts of less than \$15,000, he told the committee, and represented 33% of the total amount of mortgages made.

Mr. Bryan said that over half the mortgage loans made to commercial, business and industrial borrowers, were for original amounts of under \$35,000. He reported that 97% of the number of single family residential mortgage loans were in original amounts of less than \$15,000. For multi-family residential mortgage loans, 66% were for original amounts under \$15,000, while the proportion of the number of such loans in the company's farm mortgages was over 78%.

Stating that the large majority of industrial bonds owned by the company had been privately placed, Mr. Bryan continued, "The majority of our private placements have been with relatively small business as, during the period from 1936 through 1948, 80% of the number and 43% of the total amount of private placements were of original amounts of \$500,000 and under. This is further established by the fact that 42% of the borrowers, whose loans were outstanding at the end of 1948, had assets of less than \$1,000,000 and about 63% had assets of less than \$3,000,000."

From 1936 through 1948, Jefferson Standard made 138 private placements which totaled \$60,800,000. The largest loan made was \$4,000,000 while the smallest was \$25,000. The average size of the private placements was \$337,424, Mr. Bryan testified.

Place for Small Companies

Mr. Bryan was asked by the chairman if he did not think small or "state" life companies fill a gap between large national companies and local banks, in the matter of investment loans. He replied, "I think we supply the needs of small borrowers in our area."

Committee Counsel Scoll referred to a suggestion that the government insure loans to business as it does FHA loans, and asked if that were done "would you make more such loans?"

"No," said Mr. Bryan.

In reply to O'Mahoney's question as to whether his company exercises management over companies in which it owns common stock, the witness said "no," except that he is on the board of directors of a local bank in which the company has stock.

"Do you think it possible to continue this policy of investing in common stocks throughout the United States without exercising management control?"

"Yes."

CLARKE'S IDEAS

Because of the fundamental role life insurance plays in family protection, the financing of new ventures where the risk is great can never become part of the investment policy of the life business even though purchases of common stocks may ultimately be permitted on a broader basis, Dwight L. Clarke, president of Occidental Life of California, declared.



Head table group at luncheon of Passé Club International at Galveston—John A. Lloyd, former Ohio superintendent and now vice-president of Union Central Life; Col. Howard P. Dunham, former Connecticut commissioner and now vice-president of American Surety; Commissioner Bowles of Virginia and David A. Forbes of Michigan.

"The record of private enterprise shows too high a mortality among newly formed corporations. For every original investment in Ford Motor Co., for example, the individual safe deposit boxes of the land could speak eloquently of scores, maybe hundreds, of brave new ventures that died aborning with a total loss devolving upon the enterprising 'investor,'" he declared.

Mr. Clarke discussed common stock purchases by life insurance companies, which are permitted by California law, from the record of the 20-year experience of his own company with such investments. In this period, he said, Occidental Life invested a total of approximately \$36½ millions in common stocks, of which about half have been sold to date. The company's experience with such in-

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vestments has been good, he said, with the net return, including realized profits, exceeding that of the bond portfolio on comparable amounts.

He said safeguards could be introduced and urged a revision of the present method of valuing all common stocks in an insurance portfolio for a full year at the market price on Dec. 31. He suggested either average price through the year or during some stipulated period, book value adjusted to the rate of dividends earned and paid so long as the dividends are maintained over a designated period, or the value at which the dividends received would yield a certain rate of interest.

In making common stocks eligible for life insurance investment, Mr. Clarke suggested that limitations be placed on the totals that may be held and on the maximum percentage any insurer might acquire in any one corporation. He outlined suggestions for the types of common stocks that might be acquired, particularly with respect to their listing on the exchanges and their dividend records.

"Time and experience might be required to remove prejudices or objections to the investment of any appreciable part of their reserves in common stocks on the part of some buyers of new insurance," Mr. Clarke said. "Thought might therefore be given by our business to the issuance of some new form of insurance whereunder the policyholder, while possessing traditional life insurance protection, would elect whether the investment portion of his premiums should be invested as under present limitations or, also, include common stocks."

Cites 20 Year Record

Mr. Clarke reported that his company had sustained substantial losses on common stocks during the period 1929-49, but nevertheless showed a net profit on such investments amounting to 10.9% in addition to dividends. Under questioning by Senator O'Mahoney, the witness said the "idea is very prevalent" that SEC is an obstacle to investment in venture capital. He said his company does not try to influence management of corporations whose stocks it acquires. "There is complete surrender to the management of those companies?" O'Mahoney suggested.

The witness replied that "there have been times when we have refused to give proxies when we did not like something in the statement." He added Occidental had made "critical inquiry at times in a relatively small number of cases."

Life companies, he said, "should be very careful to maintain the role of investors" and not get into the position of managing, because the management

of a life company is enough of a job. The role of a life company as an investor, he indicated, is to watch and be critical. He agreed with O'Mahoney that the role of a life company as investor should be, as the senator phrased it, "to put money in, and then, if it doesn't like management, to get out."

Representative Herter referred to a John Hancock investment of venture capital in a Massachusetts research corporation. Mr. Clarke referred to that as "almost a laboratory experiment" about which he would not be "too dogmatic," and suggested that maybe there should be opportunity afforded for such investments.

Mortgage Loans Provide Capital

His company gets many applications for loans and sometimes has loaned money on real estate mortgages where applicants have sought venture capital. It has financed various small water companies, etc. It holds \$20 million in United States and Canadian bonds, or just under 10% of admitted assets.

Its earnings were 3.67% for three quarters of the current year. Its expenses have been steadily mounting with the decline in purchasing power of the dollar, Mr. Clarke said. Its rate of profit, on real estate mortgages 1929-49 was 4.6%. Its real estate investments have been too recent to permit much data of their appreciation, he said.

"Come, Mr. Clarke," O'Mahoney suggested, "as a Californian, are you going to miss this opportunity?"

"You want a chamber of commerce speech, I suppose," commented the witness.

Occidental's profit on bonds has been 4.7% on \$43,310,000 invested, he said, but, computed at book value, the rate was only a fraction over 1%.

"My personal judgment is that we are facing events which have come about not as a result of any deliberate policy on the part of anybody in or out of life insurance," said O'Mahoney. He indicated the committee faced the problem of "what, if anything, Congress should do to stimulate the flow of equity capital. This discussion about what has happened to insurance funds is not based upon hostility to insurance, but merely to determine the facts."

The evidence to date, the senator continued, indicates that small business can not get the money it needs, that the "large borrower gets the bulk of the funds and the little fellow gets what is left. The statistics show that the little fellow gets the smallest aggregate total of the investment funds. Yet on the side of the consumer, it is the aggregation of the purchasing power of the little people which creates the



George B. Butler, Texas life insurance commissioner and host at Galveston-Houston convention of N.A.I.C.; Newell Johnson, vice-president Minnesota Mutual Life and former Minnesota commissioner, and J. Herbert Graves, Arkansas commissioner, as photographed by H. H. Fuller.

biggest market for all business and industry.

"It has been shown here that the average life insurance policy is about \$4,800. It is clear there must be hundreds of thousands, if not millions, of very small policies to bring the average down that low. Our problem here is to find sound ways and means to encourage the flow of capital, whether equity or not, to aid small business."

Many Called, Few Chosen

Mr. Clarke replied that the "little fellow" has difficulty because on too many occasions he has very little credit and very little basis for credit in assets or performance. He has not demonstrated his ability to pay to warrant a lender in advancing funds. "Many are called; few are chosen."

O'Mahoney suggested the question is whether a mature company is favored by present investment policy and whether the course of investment tends to strengthen the big unit at the expense of the little. He asked the committee counsel, David Scoll, to take over examination of the witness on the question whether "a state insurance company affords better opportunity to local business than a large national company."

Mr. Clarke took the general position that such a company does so. O'Mahoney suggested additional material be put into the record by Mr. Clarke. The Senator asked whether the present trend of investment "is going too far to mature and large companies, and what, in your opinion, is the ability of the local or state company to serve local business compared to a large insurance company?"

As to the first point of this double-barreled question, Mr. Clarke replied: "I don't think there can be much doubt about that," but added there are so many economic factors involved that "generalizing is very dangerous."

On the second point, he said: "A surprisingly good job has been done by the large life companies such as those represented here yesterday, and others in that general group, in distributing their loan resources." He added they are competing with Occidental on rates of interest and on terms, and his people reported "tough competition" from the big companies.

Clarke set up several standards when asked if the selection of common stock should be left entirely to the management of a life company. Summarized, these are:

The common stock should have an unbroken record of dividends, both earned and paid. It should be listed on the New York Stock Exchange, except in the case of banks and financial institutions. In these latter cases, the witness would require an even longer dividend record, for example, 15 years for banks and financials, compared to 10 years for industrials. The percentage of assets an insurance company could

invest in all common stocks should be limited, and there should also be a percentage limitation on the amount of common stock of a particular corporation that an insurance company could buy.

Woodward Employs Charts

Life insurance investments aid production of goods and services, provide homes, and finance government, according to testimony presented by Donald B. Woodward, second vice-president of Mutual Life.

With the help of charts, Mr. Woodward showed that the total assets of all life insurance companies amounted to \$55.6 billion at the end of 1948. About 27% of these funds, he said, are invested in U. S. government obligations; another 18% are in public utility investments; 17% in industrial holdings, and 20% in mortgages.

Investments are larger than policy reserves held in all regions of the country except the northeast, he declared.

Even the loans the companies make do not anywhere nearly show the pervasiveness of the effects of the companies' operation because many of the investments are made to concerns which in turn finance customers and smaller business units, he said. Thus, one large loan by one large company may be the vehicle by which hundreds of smaller business units are in fact financed. And many residential mortgage loans and policy loans provide funds to finance small business. With all this complexity life insurance is simply a process whereby millions of individuals pool funds to meet risks, Mr. Woodward stated.

After conclusion of his formal statement, Senator O'Mahoney, Representative Herter and committee staff members questioned Mr. Woodward. O'Mahoney brought out that in the matter of size in assets the smallest of the 17 major companies, subject of one Woodward exhibit, has slightly under 500 million assets. The witness promised to submit a list of names of the companies with their asset size.

During the course of his testimony Woodward said every state in the Union has life companies "except Wyoming," the chairman's home state. "The climate protects us out there," remarked O'Mahoney. Later he commented, "Life insurance is an example of the desire of the American people for security." He added the committee is "searching for facts."

Mr. Woodward said under cross examination that among all corporate bonds between 1900 and 1944, those of the large corporations were called more frequently than bonds of smaller companies, and that the latter were more frequently in default than bonds of larger companies.

Mr. Woodward brought out that not only has the rate of investment return to life companies been falling off, but also their aggregate return. The aggregate investment income of life com-

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panies had been rising, because company assets have grown, to a peak in 1945, but "seems to have leveled off" since then.

O'Mahoney called attention that while premium income had continued to increase and last year reached a new high, that factor has not operated to reduce premium rates.

Mr. Woodward expressed the "present opinion" that "we shall not have any considerable increase in interest rates for some time to come." He stated that "there is no shortage of availability of investment so far" for life companies.

It was brought out that the 17 companies referred to have about \$800 million per month available for investment. Woodward said, "One hears of the difficulty of investment at a satisfactory rate." During the war, he said, people put more savings into government bonds "and consequently less than they might otherwise have put into life insurance."

Herter suggested it would be the "natural disposition of insurance companies to shift from government bonds to industrials so long as we have a cheap money policy."

O'Mahoney questioned the witness about benefits paid by the companies, pointing out that such payments have remained substantially the same, despite the growth of the business. Mr. Woodward thought that condition was due to the increased practice of policyholders in providing for installment payments, rather than lump sum benefits to their beneficiaries.

O'Mahoney asked and was promised a chart to show the amount of benefit payments accruing annually, in addition to annual benefit payments already shown to the committee.

Analyzes Equity Disadvantages

The disparity between the proportion of capital raised through stock financing today as compared with former years can be attributed more to stock market conditions and management decisions than to any shortage of equity capital, Robert B. Patrick, financial vice-president of Bankers Life of Iowa, declared.

The question of cost between alternate plans of financing, Mr. Patrick told the committee, is an important consideration in this whole question, along with the fact that bond interest is deductible for income tax purposes while dividends are not. He cited an actual case of a public utility company which recently raised \$10 million through sale of bonds. In reaching its decision on the method of financing, Mr. Patrick said, the management undoubtedly considered the fact that it could raise the money through bonds at an annual cost to the company of \$275,000, or 3.57% of net income before income taxes, whereas common stock financing would have represented a cost of \$1,018,000 on an overall basis, or 13.2% of income before taxes.

Private Placements

As to so-called private placements, Mr. Patrick said his company's experience showed that approximately two-thirds of all such placements were initiated by intermediaries and the balance by the borrowers. However, with respect to utility companies, he said that more than 80% of private placements were initiated by intermediaries compared with about 50% for securities of industrial companies.

The suggestion that the government control the stream of investment expenditures in the interests of economic stability holds great dangers for the private enterprise system, Mr. Patrick declared. Rather than place the nation's economic future completely in the hands of the government by giving it this control, he urged a concerted effort by business and government to bring about stability, a reasonable rate of growth, and high employment. A stable government budget would be a vital factor in attaining this objective, he stated.

During questioning, Mr. Patrick said some "discretionary" expenditures, such as the federal housing program, might be dispensed with. Asked about the farm program, the witness agreed there

must be some kind of farm program, but questioned whether such a high return to the farmers should be guaranteed. If prices of agricultural products were not so high, he thought not so much marginal land would be farmed.

Some land development in the Southwest has resulted in lowering the water table in areas, such as Texas, where Bankers Life has large investments. Mr. Patrick said he was "not making any broad condemnation" and that he favored agriculture being given "every possible consideration."

His idea of a stable budget is one that would not change from year to year. However, O'Mahoney suggested it would be impossible to look ahead five years and fix a level budget for that period. Asked about his idea of a budget level, the witness indicated it should be neither on the basis of 1932, nor on that of an inflationary period. To his suggestions of balancing the budget by reducing expenditures or increasing taxation, Dr. Theodore Kreps, committee staff chief, suggested adding a third, growth of national income. It was indicated that increased population and increased production would tend toward the desired goal.

Asa Call Maps Campaign of Action at L.I.A. Rally

(CONTINUED FROM PAGE 1)

tivism, in their minds, simply by denouncing it. We must use facts in our program. But we must make those facts understandable and believable and convincing.

"If the people could be made to understand that the inevitable result of loose and reckless financial policies can only mean the utter destruction of prosperity and the complete negation of the security they have been promised, the tide of collectivism could be turned.

Bringing the Story Home

"For example, if the millions of social security card holders could be made to realize that the \$23 billion they have paid in have not been invested in constructive enterprises as private life insurers invest them, but have been spent as fast as they were received, and that future taxes would have to be levied to pay them any benefits they might ever get back in return, they would rise up quickly and bring about some drastic changes.

"Life companies have 78 million policyholders. What efforts have the companies made to convey to them the damage something for nothing policies have done to their savings and to their futures?

"It has been our timidity, perhaps, or indifference to the menace of the collectivist threats which has permitted and even guaranteed these encroachments. We have not fought them hard enough and widely enough and often enough and soon enough. This is a good time to start."

Thore Gives Report

In his report as L.I.A. general counsel, Eugene M. Thore said that while there are only 12 jurisdictions, including Congress, scheduled to meet in regular session in 1950 it is expected that there will be a number of special sessions. Indications are that despite the small number of sessions, legislative proposals of life insurance interest will again be in abundance. Developments at the federal level in connection with the government social security and welfare programs and tax legislation forecast a period of full activity on federal problems.

On the state side of the picture, sickness compensation legislation is expected to be in the forefront in Massachusetts and perhaps other jurisdictions either by way of study or as actually introduced legislative proposals. In New York, the Condon joint legislative committee on insurance rates and regulation will continue its studies. The joint committee on section 213 of the New York insurance law (expense limitation section) will continue its work.

The Kentucky insurance code will be presented for enactment.

Mr. Thore said that while most cash sickness proposals introduced this year failed of passage, this result is not to be taken as indicating a lack of interest in this type of social legislation but rather, it may be described as evidencing wide differences in viewpoint on whether private insurance should have any part in the furnishing of these benefits.

Shepherd and O'Leary

Manager Bruce E. Shepherd's report on new business and insurance in force and that of Dr. James J. O'Leary, L.I.A. director of investment research, on investments, are summarized elsewhere in this issue. President Harold Stassen of University of Pennsylvania was scheduled as the main speaker. His talk will be reported in next week's issue, as will the panel discussion.

New Book on Computing Machines

Edmund C. Berkeley, former research consultant for Prudential, is the author of a new book, "Giant Brains," which describes the large-scale automatic computing machines and their application.

Mr. Berkeley gathered his early ex-

perience with calculating machinery with Mutual Life, and as assistant mathematician, senior methods analyst and chief research consultant for Prudential. Mr. Berkeley, for the past two years, has operated his own consulting service in the field of applications, marketing and uses of automatic machinery.

The book is published by John Wiley & Sons of New York.

NLRB Cites Metropolitan

National labor relations board has issued a complaint against Metropolitan for unfair labor practices and refusal to bargain collectively and has ordered a hearing for Jan. 3. The complaint upholds charges filed by UOPW, CIO, which has been certified by NLRB as bargaining representative for more than 3,000 industrial agents employed by Metropolitan in greater New York and New Jersey.

Holds Sales School at Chicago

Bankers Life of Iowa agents attended a district sales training school at Chicago which was the first in a series of four. L. R. Petterson, Ottumwa, Ia., led the school group in production. Second was G. Rogers, Billings, Mont.

The KEY TO SECURITY



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Field Underwriters

Equitable Life of Iowa's field underwriters have enthusiastically endorsed the *Key to Security*, the Company's new and simplified method of life insurance programming. With a professional approach that is easy to understand, the *Key to Security* clearly defines the prospect's life insurance program requirements and graphically portrays the solution to his estate problems.

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- A better than average ratio of sales per interview.
- 547 *Key to Security* sales totaling \$7,113,543.
- An average size policy of more than \$13,000.

Those are four excellent reasons why Equitable of Iowa field underwriters know that the *Key to Security* is their Key to Success.

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LIFE INSURANCE
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Founded 1867 *Des Moines*
OVER ONE BILLION LIFE INSURANCE IN FORCE

George F. Hayes, who directed the recent greater Cleveland chest X-ray survey, has joined Occidental Life at Cleveland to specialize in group pension and welfare planning for industry. He was in charge of group insurance for General Motors Fisher Aircraft plant at Cleveland. He is a lawyer.

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(CONTINUED FROM PAGE 6)

benefit to the hazard assumed. In California, for example, the companies are required to provide greater benefits than the state fund for the same premium. When the state fund developed a surplus it was erroneously assumed that the private companies were making exorbitant profits. If the state loses money private carriers will be accused of taking the best risks. Benefits were increased and private carriers must beat them with no rate increase. "Unless an employer contribution can be obtained, it seems highly improbable that private carriers can continue to compete with the state fund there," he said.

The New Jersey law uses a merit rating approach but its operation is very slow and within narrow limits, he stated.

He analyzed the disability laws in the states which have enacted them and said that the New York law has fewer disadvantages than any other. There is, however, he warned, a possibility that rate regulation in the field may materialize, "a fate which some life men regard as worse than death." The New Jersey disability law could be improved if the employer contribution were increased and the merit rating methods improved, he said. In addition, he advised, legislation should take into ac-

counted in trust instruments or otherwise make many desirable sites unavailable for acquisition except by lease.

He discussed various considerations involved. For example, New York state by regulation, formerly required domestic companies to write off the cost of a leasehold acquisition within its original term exclusive of any renewal term. Recently the regulation was amended to permit the write-off period to include renewal terms not exceeding 50 years provided a financially responsible subtenant were bound for the longer period of amortization.

Need for Young Men

Charles G. Taylor, Jr., executive vice-president Metropolitan Life, stressed the importance of encouraging younger men in home office legal departments to acquire a broad general knowledge of the life business in addition to their legal training to enable them to deal with problems with which they will be faced. He commented upon the tremendous expansion of the home office lawyers' activities since the growth of administrative law, labor law, wages and hours law and the application of the anti-trust laws to the business.

He emphasized the importance to the home office lawyer of being able to temper the legal approach with appreciation of the public reaction to the problems he will be called upon to handle, pointing out his numerous almost daily opportunities to build or offset the good will built by others.

Vincent V. R. Booth, counsel New England Mutual, continued presentation of a paper presented to an earlier association meeting dealing with the treatment of policies in the probate courts.

His paper covered the power of a guardian to elect an optional settlement payable to the ward and his powers and duties toward policies owned by the ward, including the right to change the beneficiary, effect a loan, or surrender the policy.

He also discussed the right of a fiduciary to invest in life insurance with an analysis of the state statutes on the subject. He included a draft of an article of a will or trust authorizing such an investment and concluded with a description of the treatment of life policies in divorce settlements.

Compares Lawyers, Actuaries

E. M. McConney, president of Bankers of Iowa and of Society of Actuaries, spoke informally comparing actuaries and lawyers.

"You read your statutes and court decisions," he said, "and endeavor to forecast what the rulings of fledgling administrators will be from day to day. We attempt to forecast mortality rates threatened by atomic bombs and interest yields and expense rates in a world of Keynesian theories and deficit philosophy."

Haughton Bell, assistant general counsel Mutual Life, took issue with critics of direct placements. Directly negotiated loans, he said, provide only a small part of the total capital used by corporations and there is little likelihood that they will displace public offerings. Life companies have no desire to interfere with the management of borrowing firms. In addition, he said, the borrower rather than the lender is the moving party and is in a position to choose the course it will follow to get the money it needs. There is keen competition among lenders to serve borrowers, he said.

Five attorneys gave five-minute talks on unique legal points or unusual circumstances of interest to life company counsel. Speakers were Dwight Brooke, general counsel Bankers of Iowa; Alexander Query, associate general counsel Prudential; Daniel J. Reidy, general counsel Guardian; G. M. Swannstrom, general counsel Northwestern Mutual,

and Robert D. Taylor, general counsel Sun Life of Canada.

The spring meeting will be May 15-16 at the Greenbrier Hotel, White Sulphur Springs, W. Va.

Following the meeting there was a special meeting of lawyers interested in the legal problems involved in the practice of not sending premium receipts to policyholders. It appears that there may be legal difficulties in some states because of statute wordings.

May Force Hearings on Tax Measure

A member of the House ways and means subcommittee on taxation of life companies has admitted that a small group of companies led by Acacia Mutual may persuade the subcommittee or the full committee not to report out without hearings the federal income tax proposal to which most companies in the Life Insurance Assn. of America and American Life Convention have agreed. Until lately the tax bill was expected to pass with little or no difficulty.

There is understood to be an increasing amount of opposition to the bill by some smaller companies which think that it places a greater burden on them than on the larger companies.

The Lynch subcommittee was meeting with Treasury officials this week to draw up a bill from the present proposal. One of the major questions was whether the bill should be a permanent or a stop gap measure.

The Acacia Mutual group opposes an income tax bill on the average industrywide basis. They want it related to each company's irge investment income—the difference between that required to build guaranteed policyholder reserves and interest earned. Acacia Mutual has had scattered support for its proposal.

It was reported that the committee favors the individual company approach but that it is too controversial to be brought up until some permanent measure for taxing life companies has been prepared. Meanwhile the subcommittee wants to get the money into the Treasury. Opponents to the individual company approach say that it penalizes conservative companies by putting higher taxes on those that guarantee policyholders a lower interest rate.

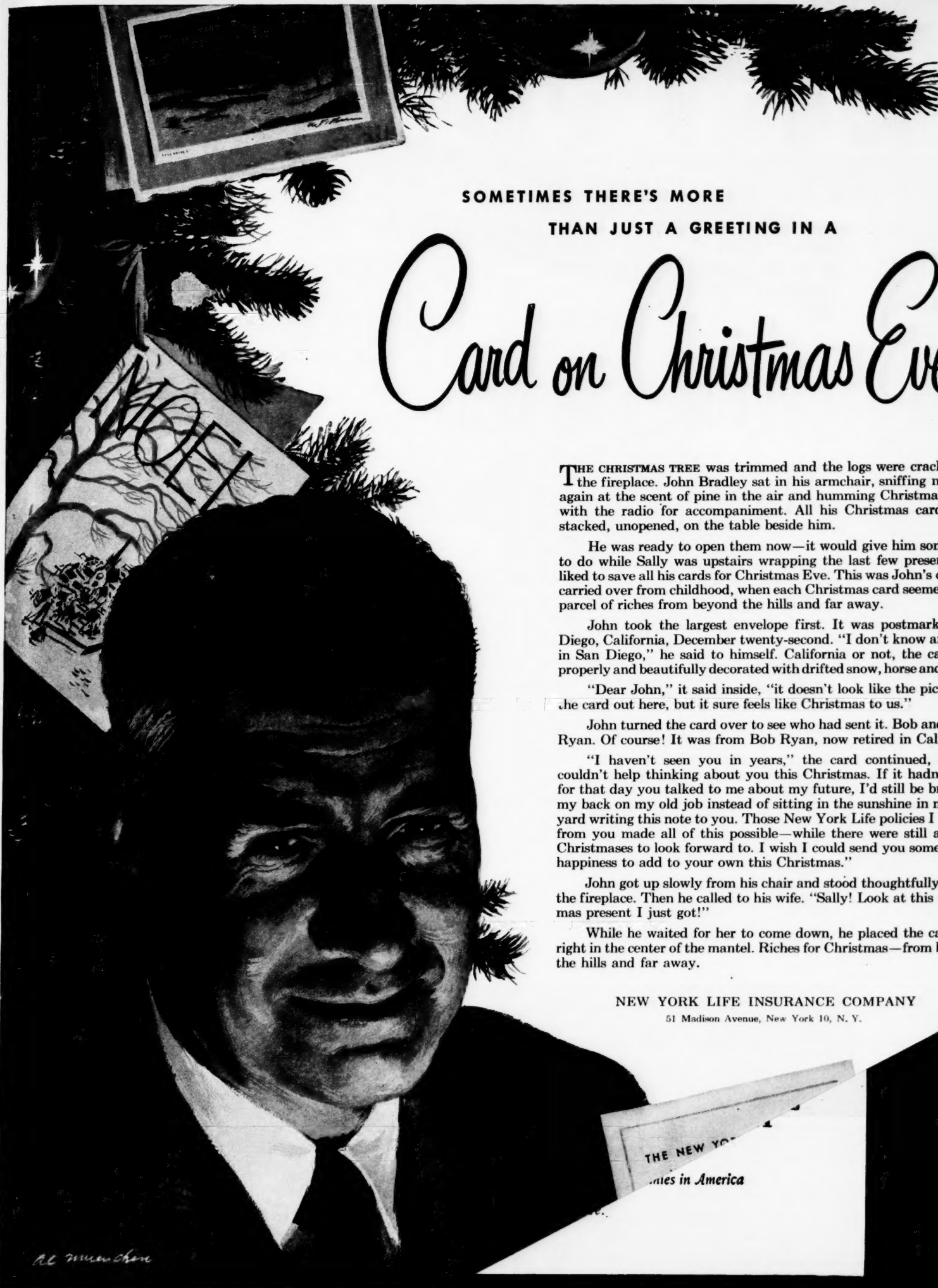
Western & Southern Appoints Fackler Actuary and V.P.

E. B. Fackler of the actuarial firm of Fackler & Co., has been appointed vice-president and actuary of Western & Southern Life, succeeding Richard J. Learson who has resigned to become associate manager of selection for Mutual Life.

Mr. Fackler is a graduate of Yale and a member of the New York bar. He entered the business of his father, David B. Fackler, in 1906 and became a partner in 1907. When his father died in 1924, the firm became known as Fackler & Breiby and in 1937 became Fackler & Co. Mr. Fackler is a well-known writer on actuarial subjects and is a fellow both of the former Actuarial Society and American Institute of Actuaries. He was a charter member of the Casualty Actuarial Society and is a former president of the Fraternal Actuarial Assn.

S.W. Life Sets Record

Southwestern Life has passed the three-quarter-billion-dollar mark in insurance in force. As of Oct. 31, the amount was \$752,385,532. During the first 10 months the company wrote \$88,867,540 of new business which exceeds any previous 10 month period.



SOMETIMES THERE'S MORE

THAN JUST A GREETING IN A

Card on Christmas Eve

THE CHRISTMAS TREE was trimmed and the logs were crackling in the fireplace. John Bradley sat in his armchair, sniffing now and again at the scent of pine in the air and humming Christmas carols with the radio for accompaniment. All his Christmas cards were stacked, unopened, on the table beside him.

He was ready to open them now—it would give him something to do while Sally was upstairs wrapping the last few presents. He liked to save all his cards for Christmas Eve. This was John's custom, carried over from childhood, when each Christmas card seemed like a parcel of riches from beyond the hills and far away.

John took the largest envelope first. It was postmarked San Diego, California, December twenty-second. "I don't know anybody in San Diego," he said to himself. California or not, the card was properly and beautifully decorated with drifted snow, horse and sleigh.

"Dear John," it said inside, "it doesn't look like the picture on the card out here, but it sure feels like Christmas to us."

John turned the card over to see who had sent it. Bob and Mary Ryan. Of course! It was from Bob Ryan, now retired in California!

"I haven't seen you in years," the card continued, "but I couldn't help thinking about you this Christmas. If it hadn't been for that day you talked to me about my future, I'd still be breaking my back on my old job instead of sitting in the sunshine in my own yard writing this note to you. Those New York Life policies I bought from you made all of this possible—while there were still a lot of Christmases to look forward to. I wish I could send you some of our happiness to add to your own this Christmas."

John got up slowly from his chair and stood thoughtfully before the fireplace. Then he called to his wife. "Sally! Look at this Christmas present I just got!"

While he waited for her to come down, he placed the card up-right in the center of the mantel. Riches for Christmas—from beyond the hills and far away.

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